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ABSTRACT

Oversight hearings were conducted on April 23, 1981 in reference to social service block grants for the Community Services Administration, child abuse prevention and treatment and adoption programs, and Native American Programs Act. Testimonies for support of block grants advocated ability of States to decide how program resources can best be distributed to meet needs of the citizens; alleviation of double reimbursement in community action agencies; and flexibility and opportunity to design programs to fit local needs. Testimonies of opposition were concerned that State level priorities for funding would eliminate community action agencies, national programs dealing with national problems (poverty, migrant workers, the handicapped, and the elderly), and adoption centers and child abuse and prevention. The National Congress of American Indians and Bureau of Catholic Indian Missions urged reauthorization of the Administration for Native Americans and consideration by the Division of Human Services of fiscal flexibility to support innovative programs for senior citizens, Indian welfare, and tribal self-determination and self-sufficiency. (ERB)

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OVERSIGHT ON COMMUNITY SERVICES ADMINISTRATION, CHILD ABUSE PREVENTION AND TREATMENT, AND ADOPTION OPPORTUNITIES, AND NATIVE AMERICAN PROGRAMS ACT

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HEARING

BEFORE THE

SUBCOMMITTEE ON
AGING, FAMILY AND HUMAN SERVICES

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

EXAMINATION ON ADMINISTRATION'S PROPOSAL FOR COMMUNITY SERVICES ADMINISTRATION, CHILD ABUSE PREVENTION AND TREATMENT AND ADOPTION OPPORTUNITIES, AND NATIVE AMERICAN PROGRAMS ACT

APRIL 23, 1981

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OVERSIGHT ON COMMUNITY SERVICES ADMINISTRATION, CHILD ABUSE PREVENTION AND TREATMENT AND ADOPTION OPPORTUNITIES AND NATIVE AMERICAN PROGRAMS ACT

THURSDAY, APRIL 23, 1981

U.S. Senate,
Subcommittee on Aging, Family and Human Services,
Committee on Labor and Human Resources,
Washington, D.C.

The subcommittee convened, pursuant to notice, at 9:40 a.m., in room 4232, Dirksen Senate Office Building, Senator Jeremiah Denton (chairman of the subcommittee) presiding.

Present: Senators Denton and Hatch.

Opening Statement of Senator Denton

Senator Denton. Good morning. This hearing will come to order.

I would like to welcome the witnesses that will be appearing before the subcommittee over the course of today's rather lengthy hearing, as well as the many other people who are interested in the issues before us.

Today, we will be considering the administration's proposals for the Community Services Administration, for child abuse prevention and treatment and adoption opportunities, and for the Native American programs.

The administration has proposed folding most of the activities administered by the Community Services Administration into a social services block grant. It further proposes that some funding for child abuse and adoption activities be transferred into the social services block grant, while funding for other child abuse and adoption activities be placed in a discretionary block grant.

This discretionary block grant would be associated with, but not be a part of the social services block grant.

I am anxious to hear from the administration about these block grants, and particularly the so-called discretionary grant. In general, I support the President's recognition of our country's economic difficulty and his proposal for its remedy. However, I would like to hear from the administration why these programs were included specifically in the social services block grant and the discretionary block grant, and would want to hear how the funds are to be allocated among the States, what kind of requirements, no matter how general, will be made on the States, and what steps are planned to insure accountability of Federal funds. I am also interested in what kind of leadtime will be given to the States in order to achieve the transition from the categorical grant mechanism to that of the block grant approach.

Finally, the administration has proposed a separate authority for the Native American program, which is currently title VIII of the Economic Opportunity Act. This approach to me appears appropriate in light of the unique relationship existing between the Native Americans and the Federal Government.

We must target our available resources toward our most pressing domestic priorities and maintain our commitment as a nation to serve those most in need. Nevertheless, as we proceed in these and other hearings, we need to keep in mind that even if the most extreme of the proposed cuts recommended are actually made, our country will still be faced with a $45 to $50 billion deficit in fiscal year 1982, adding further to a national debt that will exceed $1 trillion within the rather immediate future.

As we discuss these issues of taking care of the needy, we should not lose sight of the fact that a bankrupt nation cannot take care of any poor or any disadvantaged, any needy at all. For the sake of all of our citizens, we must insure the financial integrity and survival of this Nation.

I believe we have an exceptionally well-qualified group of witnesses today, and it is my hope that they will be able to address these issues within the context of necessary fiscal austerity.

Senator DENTON. We will begin today's hearing with testimony from Mrs. Teresa Hawkes, Acting Director of the Office of Program Coordination and Review, of the Department of Health and Human Services.

I welcome you, Mrs. Hawkes, and appreciate your testifying on behalf of the administration. I invite you to make any opening statement you choose to.

STATEMENT OF TERESA HAWKES, ACTING DIRECTOR, OFFICE OF PROGRAM COORDINATION AND REVIEW, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, ACCOMPANIED BY DAVID LESTER, COMMISSIONER OF THE ADMINISTRATION ON NATIVE AMERICANS; JOHN BUSA, COMMISSIONER, ADMINISTRATION FOR CHILDREN, YOUTH AND FAMILIES

Mrs. HAWKES. Mr. Chairman and members of the committee, I want to thank you for this opportunity to appear here today to give you an overview of some of the significant legislative proposals that are part of the President's program and that fall within the purview of this committee.

I will be discussing today the administration's proposals relating to the social services block grant and to the Native Americans program.

These proposals are part of the larger program the President has outlined—a package of initiatives designed to restore the health and vigor of the national economy. The most important thing we can do, not only for the groups we are concerned about in these social service programs, but for all citizens, is to put the Nation's economy on a sound footing and reduce the inflation that makes economic self-sufficiency so difficult for so many people.

At the same time, this administration retains a strong commitment to provide assistance to those most in need: members of society who without that support would lack the most basic necessities of life.

However, the present categorical program structure is cumbersome and inefficient. Resources that should be used for services are being used for meeting multiple and often conflicting Federal administrative requirements. The differences in eligibility make it extremely difficult for service programs to meet multiple needs of clients, or to refer them from one program to another. States do not have the flexibility they need to target resources on problems which they regard as most important.

For this reason, we have chosen a new approach for providing Federal resources for a variety of social services. This approach—the block grant—is designed to eliminate the burdensome reporting requirements and regulations, unnecessary administrative costs, and program duplication.

Most importantly, this approach will enable the States to decide how program resources can best be distributed to meet the needs of their citizens, without the burden of Federal earmarks for service delivery methods, organizational structure, and service and target group priorities.

First, I would like to give an overview of the social services block grant. The consolidation of many Federal social services grant-in-aid programs into a block grant is an important element in the President's program. The social services block grant consolidates 12 major social service activities into a single block grant authority covering the purposes of the consolidated programs.

The social services block grant consolidates authorities for 10 major social service activities administered by the Department of Health and Human Services. These programs are social services, day care, State and local training, child welfare services, child welfare training, foster care, child abuse prevention and treatment, adoption assistance, developmental disabilities, and runaway and homeless youth.

Two authorities currently administered by other Federal agencies also are consolidated: the Community Services Administration's activities, except for community economic development, and vocational rehabilitation services.

Our budget request for consolidated block grant authority represents 75 percent of current funding levels, or $3.8 billion for fiscal year 1982. The proposed legislation will provide authorization of $3.8 billion for each year through fiscal year 1985. Each of the current authorities for these activities will be repealed upon passage of this act. Each State's allotment from appropriations for a fiscal year will bear the same ratio to the total appropriation for that fiscal year as the State's share of the total amount allotted for fiscal year 1981 under the 12 major activities being consolidated. All services presently being provided through the categorical programs could be provided by the States under the social services block grants.

Delinquency prevention services and services to minors in the justice system presently authorized under the Juvenile Justice Delinquency Prevention Act could be provided under the social services block grant.

We believe that this approach to social services will resolve several problems caused by the multiple categorical nature of the present Federal/State social services programs.

First, it allows State and localities the flexibility they need to distribute social services funds, and to give priority to services which best meet the needs of the residents of the State. Second, by eliminating many burdensome Federal administrative requirements, the block grant will permit more efficient State and local administration and more effective service delivery systems. This will free resources for providing additional services and improving the management and delivery of services. In addition, the 10 percent transfer between block grants will enable the States to target those activities which they deem most important.

Under the block grant proposal, States and localities will be in a much better position to take action where previously mandated conflicting program requirements and overlapping services have resulted in a waste of service dollars. State and local officials will also have the flexibility to respond to new and changing conditions, or to adjust to local conditions where, in the past, nationwide requirements have limited their options.

The block grant proposal requires the States to make available each year a report on the intended use of these funds. This report must be made available for comment by the public within the State and by public agencies.

In addition, each State will be required to prepare, at least once every 2 years, a report on the activities carried out under the act. This report must be made available to the public; this would of course include State and Federal agencies.

The proposal also contains audit requirements. Under the act, each State is to perform at least once every 2 years an audit of its expenditures under the act. This audit report must be submitted to the State legislature and the Secretary of the Department of Health and Human Services within 30 days after completion of the audit.

We plan to consolidate the funds for maintaining the necessary Federal support activities where they can be of most assistance to States and localities. Many of the statutory categorical authorities proposed for inclusion in the block grant also cover research, training, and demonstration projects to improve the administration and services delivery systems of these programs.

The activities to be consolidated into this discretionary block grant are research and demonstration activities under the child welfare services program; child abuse and neglect discretionary funds; runaway and homeless youth discretionary funds, particularly the nationwide hot-line for homeless youth; adoption opportunities activities, particilarly for operation of an adoption information exchange; social services research and demonstration authority; university affiliated facilities and special projects programs under the developmental disabilities program, and research conducted by the National Institute for Handicapped Research.

This consolidated approach is designed to allow us to target research, demonstration, and technical assistance activities to respond to State needs for assistance. This would include information and technical help in improving the administration of their social services programs. We will also continue to assist the States in developing and strengthening their financial systems and procedures for eliminating fraud and abuse.

Another effective role for the Federal Government is to share information and techniques among States. We can investigate new and innovative ways of delivering services to improve the effectiveness of social services programs. As the States are better able to coordinate service delivery under the services block grant, we will be able to coordinate Federal information and assistance activities to support them.

There are also important nationwide projects contained in these authorities. As part of the consolidated discretionary activity, authority will be proposed for ongoing projects of national or regional significance, including the national telecommunications network to assist runaway and homeless youth, and the national adoption information exchange system.

For example, the child abuse and neglect prevention and treatment program authorizes activities both at the Federal level, through research, demonstration, and training programs, and at the State level, through grants to States. Under our proposal, only that portion of child abuse funding which is already going to the States in the form of State grants, at a funding level of nearly $7 million in fiscal year 1981, is being folded into the services block grant.

The funding for activities of the kind carried out by the National Center on Child Abuse and Neglect in the Department—$16 million in fiscal year 1981—is being retained at the Federal level as part of the consolidated discretionary authority. Under this consolidated authority, we will continue to have the funding and the authority to carry out Federal leadership and assistance to the States in improving their social service programs, including child abuse prevention and treatment. The total funding requested for fiscal year 1982 for the discretionary authority represents approximately 75 percent of the total funding of such activities in fiscal year 1981.

I would also like to point out that only the portion of the programs administered by the Community Services Administration known as community action operations is being folded into the social services block grant. The community action operations include the funding for the community action program (CAP) agencies activities, such as senior opportunities and services, training and technical assistance, and funds for State economic opportunity offices.

In addition to the community action operations, the Community Services Administration also administers programs for energy crisis assistance and community economic development. The Department of Health and Human Services transferred $89 million in fiscal year 1981 to the Community Services Administration for the energy crisis assistance program, which provides relief to low-income families experiencing energy-related crises. Assistance focuses on weatherization and emergency assistance, which will be folded into the energy and emergency assistance block grant. Under that block grant, States would determine how to administer the program. The remaining program, community economic development, would be encompassed in the Department of Housing and Urban Development's restructured community development block grant.

I would now like to turn to the Native Americans program. This program provides support to the Native American groups to improve their quality of life and to improve the management capabilities of Indian tribes and other Native American organizations. We believe that assistance for the social and economic development of the Native American groups is useful since many still lag behind the general population in such areas as employment, income, education, and health. The groups served by this program include American Indians, Hawaiian natives, and Alaskan Natives.

We will, therefore, be submitting legislation to extend this program for 2 more years at a level of $28 million in fiscal year 1982.

This is a program that has grown and developed over the 17 years of its existence. One of the most important changes is the growing capacity of Indian tribes and other Native American organizations to manage their own affairs. The Native Americans program has not simply reacted to this change—it has helped to bring it about. In so doing, the administration and focus of the program have changed, too.

The scope of the original program was limited to American Indians and Alaskan Natives. The Native Americans Program Act of 1974, which extended the authorization of the program, also included for the first time native Hawaiians as part of the service population.

In the early years, Native American program funds were primarily used to provide for core administration and to fill in service gaps. Those activities met the needs of that day, but this is no longer the case. Today, the program operates on the principle that economic and social development are interrelated and both must be balanced if Native Americans are to achieve self-sufficiency—the aim of this program. In the past, some tribes focused more on the delivery of services—health care, social services, housing, and the like. Although these services are greatly needed, this emphasis led to a serious dependency on services.

Other tribes have focused more on economic development and some have experienced the social disruption which results when services do not keep up with an expanding population in a developing economy.

Today, the program's aim is to move the focus away from increasing consumption, as in the case of services, to increasing the productivity of both individuals and communities. The program supports efforts through which reservation and off-reservation grantees can increase participation in the private sector economy to promote jobs and human development. It supports local strategies for balancing both social and economic development in keeping with community needs.

Thus, we are concerned with strengthening the executive functions of the governing bodies of Indian tribes to make appropriate decisions and to take charge of social and economic growth.

With program support, tribes are currently implementing a variety of activities to strengthen their planning, managerial, fiscal, and judicial functions as units of Government with responsibility for serving their own members. A strengthened tribal government can make decisions to control development and respond to the demand not only for social services, but also for additional schools, roads, businesses, and health care.

The social and economic development strategies employed must also be diverse to meet diverse Native American needs. Here are a few examples.

First, the Native American program has joined with other organizations, public and private, to strengthen the governing capacity of the 25 tribes which created the Council of Energy Resource Tribes, popularly known as CERT. These tribes own significant amounts of the Nation's coal, oil, gas, oil shale, and other energy resources, largely in an undeveloped state. Tribal chairpersons make up the CERT board of directors. CERT assists their members in using their energy resources as a base for establishing stable economies, in protecting their natural and social environments, and in undergirding tribal governments to manage their energy resources adequately. The CERT member tribes have the potential to contribute significantly to the energy needs of the United States, thereby enriching their own economies while at the same time helping to reduce the Nation's dependence on foreign energy resources.

Perhaps one of the best examples of tribal economic development is provided by the Creek Nation, in Oklahoma. The Creek Nation uses its grant to enhance an agricultural co-op, which includes a dairy, feed lots, forage and grain storage facilities, and a large machinery/shop building. Fifty people are employed in the operation, as compared to 1976, when nine were employed. Future plans call for the employment of several hundred people in a meat processing plant, a cannery, and other operations.

In addition, the Native Americans program is distinct from most other Federal Indian programs in its support of off-reservation Indian communities. The off-reservation projects which we finance, both urban and rural, are community—based organizations that carry out a wide range of activities to support Native American self-sufficiency.

Urban centers administer programs in health, education, and employment and provide referrals to services that are available to the general population. But the process goes well beyond referral.

It encourages Indian citizens to get involved in the community—to participate actively on the boards and on the commissions where decisions are made which affect the whole community, including those who are Native Americans.

As you can see, this is a small program, but one that can potentially achieve results that go beyond its specific resources.

In conclusion, Mr. Chairman, I want to reemphasize that this administration maintains its commitment to provide assistance to those most in need in this country. But we also believe that we must reassess the ways in which we provide that assistance. Our resources are limited, and we must look for the most effective ways to use those resources. We believe that our proposals will achieve that, by providing the flexibility and funding to the States for social service programs to enable them to more directly design and control their programs to better serve the needs of their residents, and by assisting native Americans, through the Native Americans program, to move toward self-sufficiency.

This concludes my testimony. I will be pleased to answer any questions you may have.

[The prepared statement of Mrs. Hawkes follows:]

STATEMENT

BY

TERESA HAWKES

ACTING DIRECTOR
OF
THE OFFICE OF PROGRAM
COORDINATION AND
REVIEW

OFFICE OF HUMAN DEVELOPMENT SERVICES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE

SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

THURSDAY, APRIL 23, 1981

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I want to thank you for this opportunity to appear here today to give you an overview of some of the significant legislative proposals that are part of the President's program and that fall within the purview of this Committee.

I will be discussing today the Administration's proposals relating to the Social Services block grant and to the Native Americans Program.

These proposals are part of the larger program the President has outlined -- a package of initiatives designed to restore the health and vigor of the national economy. The most important thing we can do, not only for the groups we are concerned about in these social service programs, but for all citizens, is to put the nation's economy on a sound footing and reduce the inflation that makes economic self-sufficiency so difficult for so many people.

At the same time, this Administration retains a strong commitment to provide assistance to those most in need in members of society, who without that support would lack the most basic necessities of life.

However, the present categorical program structure is cumbersome and inefficient. Resources that should be used for services are being used for meeting multiple and often conflicting Federal administrative requirements. The differences in eligibility make it extremely difficult for service programs to meet multiple needs of clients, or to refer them from one program to another. States do not have the flexibility they need to target resources on problems which they regard as most important.

For this reason, we have chosen a new approach for providing Federal resources for a variety of social services. This approach -- the block grant -- is designed to eliminate the burdensome reporting requirements and regulations, unnecessary administrative costs, and program duplication.

Most importantly, this approach will enable the States to decide how program resources can best be distributed to meet the needs of their citizens, without the burden of Federal earmarks for service delivery methods, organizational structures, and service and target group priorities.

Social Services Block Grant

First, I would like to give an overview of the social services block grant. The consolidation of many Federal social services grant-in-aid programs into a block grant is an important element in the President's program. The social services block grant consolidates 12 major social service activities into a single block grant authority covering the purposes of the consolidated programs.

The social services block grant consolidates authorities for ten major social service activities administered by the Department of Health and Human Services:

- Social Services
- Day Care
- State and Local Training
- Child Welfare Services
- Child Welfare Training
- Foster Care
- Child Abuse Prevention and Treatment
- Adoption Assistance
- Developmental Disabilities
- Runaway and Homeless Youth

Two authorities currently administered by other Federal agencies also are consolidated:

- The Community Services Administration's activities, except for community economic development
- Vocational Rehabilitation Services

Our budget request for consolidated block grant authority represents 75 percent of current funding levels, or $3.8 billion for Fiscal Year 1982. The proposed legislation will provide authorization of $3.8 billion for each year through Fiscal Year 1985. Each of the current authorities for these activities will be repealed upon passage of this Act. Each State's allotment from appropriations for a fiscal year will bear the same ratio to the total appropriation for that fiscal year as the State's share of the total amount allotted for Fiscal Year 1981 under the 12 major activities being consolidated.

Delinquency prevention services and services to minors in the justice system presently authorized under the Juvenile Justice Delinquency Prevention Act could be provided under the social services block grant.

We believe that this approach to social services will resolve several problems caused by the multiple categorical nature of the present Federal-State social services programs.

First, it allows State and localities the flexibility they need to distribute social services funds, and to give priority to services which best meet the needs of the residents of the State. Second, by eliminating many burdensome Federal administrative requirements, standards, and the like, the block grant will permit more efficient State and local administration, and more effective service delivery systems. This will free resources for providing services and improving the management and delivery of services. In addition, the 10% transfer between block grants will enable the States to target those activities which they deem most important.

Under the block grant, States and localities will be in a much better position to take action where previously mandated conflicting program requirements and overlapping services have resulted in a waste of service dollars. State and local officials will also have the flexibility to respond to new and changing conditions, or to adjust to local conditions where, in the past, nationwide requirements have limited their options.

The block grant proposal requires the States to make available each year a report on the intended use of these funds. This report must be made available for comment by the public within the State and by public agencies.

In addition, each State will be required to prepare, at least once every two years, a report on the activities carried out under the Act. This report must be made available to the public; this would of course include State and Federal agencies.

The proposal also contains audit requirements. Under the Act, each State is to perform at least once every two years an audit of its expenditures under the Act. This audit must be carried out by an entity independent of the agencies administering the programs under this Act. The audit report must be submitted to the State legislature and the Secretary of the Department of Health and Human Services within 30 days after completion of the audit.

Consolidated Discretionary Authority

We plan to consolidate the funds for maintaining the necessary Federal support activities where they can be of most assistance to States and localities. Many of the statutory categorical authorities proposed for inclusion in the block grant also cover research, training, and demonstration projects to improve the administration and services delivery systems of these programs.

The activities to be consolidated are:

- Research and demonstration activities under the child welfare, services program;
- Child Abuse and Neglect discretionary funds;
- Runaway and Homeless Youth discretionary funds, particularly the nationwide "hot-line" for homeless youth;
- Adoption opportunities activities, particularly for operation of an adoption information exchange;
- Social Services research and demonstration authority;
- University Affiliated Facilities and Special Projects programs under the Developmental Disabilities program;
- Research conducted by the National Institute for Handicapped Research.

This consolidated approach is designed to allow us to target research, demonstration, and technical assistance activities to respond to State needs for assistance. This would include information and technical help in improving the administration of their social services programs. We will also continue to assist the States in developing and strengthening their financial systems and procedures for eliminating fraud and abuse.

Another effective role for the Federal Government is to share information and techniques among States. We can investigate new and innovative ways of delivering services to improve the effectiveness of social services programs. As the States are better able to coordinate service delivery under the services block grant, we will be able to coordinate Federal information and assistance activities to support them.

There are also important nationwide projects contained in these authorities. As part of the consolidated discretionary activity, authority will be proposed for ongoing projects of national or regional significance, including the national telecommunications network to assist runaway and homeless youth, and the national adoption information exchange system.

For example, the Child Abuse and Neglect Prevention and Treatment Program authorizes activities both at the Federal level, through research, demonstration and training programs, and at the State level, through grants to States. Under our proposal, only that portion of child abuse funding which is already going to the States in the form of State grants, at a funding level of nearly $7 million dollars in Fiscal Year 1981, is being folded into the services block grant.

The funding for activities of the kind carried out by the National Center on Child Abuse and Neglect in the Department -- $16 million dollars in Fiscal Year 1981 -- is being retained at the Federal level as part of the consolidated discretionary authority. Under this consolidated authority, we will continue to have the funding and the authority to carry out Federal leadership and assistance to the States in improving their social service programs, including child abuse prevention and treatment. The total funding requested for FY 1982 for the discretionary authority represents approximately 75% of the total funding of such activities in FY 1981.

I would also like to point out that only the portion of the programs administered by the Community Services Administration known as community action operations is being folded into the social services block grant. The community action operations include the funding for the Community Action Program (CAP) agencies activities, such as senior opportunities and services, training and technical assistance, and funds for State economic opportunity offices.

In addition to the community action operations, the Community Services Administration also administers programs for energy crisis assitance and community economic development. The Department of Health and Human Services transferred $89 million in FY 1981 to the Community Services Administration for the energy crisis assistance program, which provides relief to low-income families experiencing energy-related crises. Assistance focuses on weatherization and emergency assistance, which will be folded into the Energy and Emergency Assistance block grant. Under that block grant, States would determine how to administer the program. The remaining program - community economic development - would be encompassed in the Department of Housing and Urban Development's restructured community development block grant.

Native Americans Program

I would now like to turn to the Native Americans Program. This program provides support to Native American groups to improve their quality of life and to improve the management capabilities of Indian Tribes and other Native American organizations. We believe that assistance for the social and economic development of the Native American groups is useful since many still lag behind the general population in such areas as employment, income, education, and health. The groups served by this program include American Indians, Hawaiian Natives, and Alaskan Natives.

We will, therefore, be submitting legislation to extend this program for two more years at a level of $28 million in Fiscal Year 1982.

This is a program that has grown and developed over the 17 years of its existence. One of the most important changes is the growing capacity of Indian tribes and other Native American organizations to manage their own affairs. The Native Americans Program has not simply reacted to this change -- it has helped bring it about. In so doing, the administration and focus of the program have changed, too.

Let me briefly review a bit of the history. The Indian grants program of the Office of Economic Opportunity was transferred to what was then the Department of Health, Education and Welfare in 1973. The grants program was combined with the already existing HEW Office of Indian Affairs, which had been set up to advise the Secretary on Indian concerns. The program is now administered by the Administration for Native Americans, in the Department of Health and Human Services.

The scope of the original program was limited to American Indians and Alaska Natives. The Native Americans Program Act of 1974, which extended the authorization of the program, also included, for the first time, Native Hawaiians as part of the service population.

In the early years, Native American program funds were primarily used to provide for core administration and to fill in service gaps. Those activites met the needs of that day, but this is no longer the case. Today, the program operates on the principle that economic and social development are interrelated and both must be balanced if Native Americans are to achieve self-sufficiency -- the aim of this program. In the past, some tribes focused more on the delivery of services -- health care, social services, housing and the like. Although these services are greatly needed, this emphasis led to a serious dependency on services.

Other tribes have focused more on economic development and some have experienced the social disruption which results when services don't keep up with an expanding population in a developing economy.

Today, the program's aim is to move the focus away from increasing consumption, as in the case of services, to increasing the productivity of both individuals and communities. The program supports efforts through which reservation and off-reservation grantees can increase participation in the private sector economy to promote jobs and human development. It supports local strategies for balancing both social and economic development in keeping with community needs.

Thus, we are concerned, as an example, with strengthening the executive functions of the governing bodies of Indian tribes to make appropriate decisions and to take charge of social and economic growth.

With program support, tribes are currently implementing a variety of activities to strengthen their planning, managerial, fiscal, and judicial functions as units of government with responsibility for serving their own members. A strengthened tribal government can make decisions to control development and respond to the demand not only for social services, but also for additional schools, roads, businesses and health care.

The social and economic development strategies employed must also be diverse to meet diverse Native American needs.

Here are a few examples:

- First, the Native American program has joined with other organizations, public and private, to strengthen the governing capacity of the 25 tribes which created the Council of Energy Resource Tribes, popularly known as CERT. These tribes own significant amounts of the nation's goal, oil, gas, oil shale and other energy resources, largely in an undeveloped state. Tribal chairpersons make up the CERT Board of Directors. CERT assists their members in using their energy resources as a base for establishing stable economies, in protecting their natural and social environments, and in undergriding tribal governments to manage their energy resources adequately. The CERT member tribes have the potential to contribute significantly to the energy needs of the United States, thereby enriching their own economies while at the same time helping to reduce the Nation's dependence on foreign energy resources.

Perhaps one of the best examples of tribal economic development is provided by the Creek Nation, in Oklahoma. The Creek Nation uses its grant to enhance an agricultural co-op, which includes a dairy, feed lots, forage and grain storage facilities and a large machinery/shop building. Fifty people are employed in the operation, as compared to 1976, when nine were employed. Future plans call for the employment of several hundred people in a meat processing plant, a cannery, and other operations.

In another example, Native Hawaiians on the Island of Molokai formed a farmers cooperative several years ago when homesteaders needed to return their lands to productive use following the phaseout of the pineapple industry. If the homesteaders don't succeed in their farming, their lands will be returned to the state. They would then have no place to live and no place to go.

Last year, the struggling co-op was awarded a grant of $100,000. A new general manager, working with the board,

> has been able to purchase supplies in volume and strengthen the co-op's services tc members. The farmers have been able to expand into alfalfa production -- needed by the state's dairy industry and usually purchased from the mainland. With a ready market, alfalfa is becoming the principal crop and co-op and its members are on the road to success.

In addition, the Native Americans Program is distinct from most other Federal Indian programs in its support of off-reservation Indian communities. The off-reservation projects which we finance, both urban and rural, are community-based organizations that carry out a wide range of activities to support Native American self-sufficiency.

Urban centers administer programs in health, education and employment and provide referrals to services that are available to the general population. But the process goes well beyond referral.

It encourages Indian citizens to get involved in the community -- to participate actively on the boards and on the commissions where decisions are made which affect the whole community, including those who are Native Americans.

As is true with the reservation grantees, the Administration for Native Americans is encouraging urban and rural off-reservation grantees to work on reducing the need for services by stimulating economic progress through business development and job creation.

As you can see, this is a small program, but one that can potentially achieve results that go beyond its specific resources.

Conclusion

In conclusion, Mr. Chairman, I want to re-emphasize that this Administration maintains its commitment to provide assistance to those most in need in this country. But we also believe that we must reassess the ways in which we provide that assistance. Our resources are limited, and we must look for the most effective ways to use those resources. We believe that our proposals will achieve that, by providing the flexibility and funding to the States for social service programs to enable them to more directly to design and control their programs to better serve the needs of their residents, and by assisting Native Americans, through the Native Americans Program, to move toward self-sufficiency.

This concludes my testimony. I will be pleased to answer any questions you may have.

Senator **Denton**. Thank you, Mrs. Hawkes. That was very comprehensive, and you articulated it clearly. I do have some questions. First, would you mind introducing the gentlemen who are accompanying you at the table?

Mrs. **Hawkes**. Yes; I just realized I did not do that. On my left is David Lester, Commissioner of the Administration on Native Americans; and on my right is John Busa, Acting Commissioner of the Administration for Children, Youth and Families in the Department of Health and Human Services.

Senator **Denton**. Good morning, gentlemen, and welcome.

This is a question of mine. My staff prepares most of these questions, and they have a great deal more experience in this whole area than I. I am learning, and some of the things I am learning, I am surprised at.

But you say somewhere in your testimony that we are going to experiment with innovative ways by which we can replace the previous delivery systems, the CAP's, and so forth. To what degree have we worked that out already with the States, generally? Could you describe our readiness to begin this transition period in terms of States being able to come up with already existing agencies handling the same kinds of services, but which will now be receiving additional money from the Government to do it, and in how many cases there are no existing State facilities, and they must either take over an existing CAA in part or in whole—that kind of thing. Could you just philosophically address that situation?

Mrs. **Hawkes**. Surely. In most cases—and this is really part of the philosophy of the block grant—these same kinds of services are being provided currently through State agencies and State structures. What we are trying to do is to consolidate those programs which are being provided through various structures at the State level, the Federal level, and the local level, so that they can be coordinated through the State agencies.

We are working now with State agencies and with representatives of State agencies—the National Governors' Association and the Council of State Legislatures—to begin planning for the implementation, to begin identifying those kinds of issues that States will need assistance on, and to do whatever we can to assist them in that.

Senator **Denton**. Well, realizing that you are working on it, how do you assess the likelihood that there will be slippage with perhaps some interruption in the delivery of important services, or are you on-schedule, do you think, with preparing for that transition?

Mrs. **Hawkes**. Yes; I think very definitely, we are. We are doing everything we can to assure that there is not going to be a disruption of services. We are meeting inside our department with those agencies involved in the consolidation of the programs, with the agencies in the Rehabilitation Services Administration, the Community Services Administration, in order to obtain information from them about those programs that are currently operating, so that we are in a position to provide that information to the States so that they can begin now planning on those decisions they are going to have to make in order to implement the block grant.

Senator **Denton**. I have found the Governors whom I have met, and the State Senators and legislators, very positive about these prospects. We in my subcommittee have pondered such things as what will be the accountability at the State end, what will be provided to insure that any waste, at the Federal bureaucratic level will not be reproduced in the organization at the State level, that kind of thing. Obviously, there will be fewer people, or at least one level of bureaucracy will be eliminated to a great degree, but beyond that, what general or specific plans are there to insure that there is a place and a procedure within each State for accountability?

Mrs. HAWKES. The block grant proposal itself requires a preexpenditure report that would receive public input into how the State intends to administer the funds and what kinds of programs they intend to operate and what services they intend to provide. The public scrutiny process, I think, is a very critical one, so that the public can become involved in making the decisions on the kinds of services that will be provided in that State. In addition, there is also a postexpenditure report required on exactly what amounts of money were used for the specific services and there will be an independent audit required.

In addition to planning to assist the transition now, we are intending to continue to follow up with States in identifying the kinds of services that they need assistance in designing delivery systems, in transferring good systems from one State to another. There are a number of States which now have very efficient systems. We just need to get them in touch with those States who need help. We intend to continue to play a very strong role in that process.

Senator DENTON. I do not want to give the impression that I am not in favor of this new approach. I am very much in favor of it. I have just a number of curiosities about the manner in which the transition is going to be achieved and so forth.

Both Secretary Schweiker in past statements and you in today's testimony have indicated that activities under the CSA, with the exception of economic development, would be transferred into the social services block grant. For the sake of clarification, could you specify exactly what these activities of CSA are that would be transferred?

Mrs. HAWKES. The kinds of programs that are being transferred are operating grants which now go to community action agencies; grants to State economic opportunity offices in the 48 States, Puerto Rico, and the Virgin Islands and trust territories; special grants for senior opportunities and services; national youth sports program grants; grants to CAA's for community food and nutrition services, and to perform advocacy and coordination functions.

Senator DENTON. I had a personal discussion the day before yesterday with a gentleman from the Tuskegee Institute in Alabama, accompanied by an NCAA official, and they were wondering about that sports program, and it does provide various kinds of student benefits. And my way of handling the problem, since I tended to support within my own State a proportionate emphasis upon education in the manner in which Tuskegee is prestigious, I just called the Governor's office and asked if he agreed with me—he happens to be of the opposite party—would he agree with me that that sort of money should be made available, and we were assured that the same money that went to it last year would.

Is that the kind of wheeling and dealing that one expects to take care of the proportionality in some of these things? For example, I just happen to have the philosophy that it is better to put Federal investment in the formative part of the pipe of human development than to continue to try and take care of that which comes out at the end as a polluted product, if you do not. I think that has been the trend of the past 10 or 15 years. I would rather get it up here at the beginning, not down here, where it is dripping out. Is that the kind of thing that you foresee happening, that people up here like me are going to talk to the Governor when they get a constituent up here and talking to them? How do you see that?

Mrs. HAWKES. Well, I think it is going to be partly a new process and partly one that is going on right now in the States. State legislatures and Governors and the public are currently involved in planning for social services programs under many of these activities being folded into the block grant. What we are expecting will happen and what we are working with the States now to assist them in doing is consolidating those planning and budget processes. Where now, the decisions that are being made are being made piecemeal on various programs—the sports programs, the social services programs, the nutrition programs—by having a consolidated block of money, we are hoping that, and the States are beginning to plan on a consolidated planning and budget process, so that as the States prepare their own budgets, they can look at the total picture for services delivery, and begin to make those decisions about priorities that they have within the States, which services have the highest priority, and the proportion of funds that each service will receive. So we are expecting that certainly, individuals like yourself will have some input into that process. We are also hoping that the public will have input into that process as those discussions go on in State legislatures, much as these are going on now.

Senator DENTON. Well, you just mentioned the magic words, "State legislatures." You had previously referred generically to "public input," without defining precisely how that would be made operational. And we in our little group have foreseen that, since a Governor's term is generally 6 years, that would not be the most responsive office to public opinion, whereas the legislature, on the 2-year term, would be a more likely one. Do you foresee some kind of generally uniform way, across the 50 States——

Mrs. HAWKES. Most legislatures at the current time require that any Federal appropriations meet with the approval of the legislature before they are distributed and used by the States. The States could continue to require that so that the Governor and the legislature would together make those decisions.

The proposal does require, as I say, a pre-expenditure intent statement, distributed for public use, so that the public will know when those discussions are going to go on, what the intent is, and can involve themselves in the process.

Senator DENTON. And there are committees and subcommittees in State legislatures already dealing with these types of expenditures in specific detail, and perhaps they will require a realignment or a reformation of some of the committees and subcommittees and some procedural changes. But in general, it is a viable process.

Mrs. **HAWKES**. Yes; we believe it is. I would expect there may be some rearranging within the States, and the States will have to make those decisions.

Senator **DENTON**. How much money will be available in the discretionary block grant?

Mrs. **HAWKES**. The discretionary block grant is approximately $61 million.

Senator **DENTON**. Would any of that money be left over for other activities? You have described the activities that have gone into the discretionary block grant. Would there be any money left over for other activities? If so, what are they?

Mrs. **HAWKES**. What we have done is consolidated the various authorities which are currently discretionary activities. We are in the process of deciding which activities would be funded. Funds are generally going to be used to support States in the design and delivery of effective human services, through such activities as research on issues of national concern, provision of technical assistance to the States at their request, transfer of management and services delivery technology, operation of projects of national and regional significance, and work with States on the development and demonstration of best practices and care standards and also on ongoing evaluation of Federal programs.

The criteria that we will be looking at for the use of funds will be the degree to which the proposed activities support State and local administration and management of social services, support State and local government efforts to maintain the integrity and effectiveness of social services, support State and local government in redefining and redesigning social services, and addressing issues of national and regional significance.

So in deciding on specific projects, we will be looking at that kind of criteria.

Senator **DENTON**. Could the money be used for research in mental health, as well as those categories you are mentioning, for example?

Mrs. **HAWKES**. The services would have to be related to social service activities. So if it was related to social service activities, then yes, it would be appropriate, as long as it stays within the confines of general social services.

Senator **DENTON**. All right, that was the thrust of the question.

Will the adoption clearinghouse be included in the discretionary block grant, and will its focus change at all?

Mrs. **HAWKES**. The adoptions information exchange is one of the activities that could be funded under the discretionary block grant. It is certainly one of the activities that we are looking at very closely as something that is needed as a nationwide effort.

Senator **DENTON**. It strikes this Senator as absurd and tragic that we have babies being bought on the black market because of a shortage of them, and at the same time, the abortion level is increasing, to me, abhorrently, and the two seem totally incompatible—and girls 13, 14, having children, trying to raise them, when maybe, before she sees that child, it would be better for her to develop the intent that it would ultimately be better if the child were adopted by parents who would be able and would provide the best care for the child. And I do not see why our Nation has not come up with provisions for that.

I hope that is involved in the kind of look you are going to be taking at this, Mrs. Hawkes.

Mrs. **Hawkes**. The purpose of the adoptions information exchange is to provide information nationwide on potential adoptive parents, matching them up with children who are currently in either foster care or requiring placement. Certainly, that is an activity that needs to continue to have support.

Senator **Denton**. But going deeper than that, a child already born and in a foster home, as opposed to one who is in someone's womb and is going to be born and they intend to carry that child to term, could not one try to connect up young women who are going to have illegitimate children and try to at least have them consider that it might be better for that child to be adopted than for them to take vocational training and try to raise that child, or reluctantly bear that child and then perhaps let the child be undeveloped in many ways, not only financially, but perhaps abused when the mother does perhaps take a husband who is not the father of the child, and so forth? Couldn't that be a consideration in this process of matching adoption with illegitimacy?

Mrs. **Hawkes**. That could be a consideration. I do not believe that the system is designed to do that at the present time, but that is something we could have a look at.

States, of course, are actively involved now in redesigning their foster care systems, and we will continue to provide assistance to them as they do that.

Senator **Denton**. Will the social services block grant allocation to the States be based on the amount of fiscal year 1981 funds they would have gotten before the recissions were proposed, or the amount that they will get if the recissions become law?

Mrs. **Hawkes**. The amount is based on the amounts allocated for the various programs under the continuing resolution, provided for under the continuing resolution, so that would be before recission.

Senator **Denton**. OK. With no income eligibility criteria required in a block grant, do you anticipate any decline in the level of services provided to low-income people?

Mrs. **Hawkes**. We do not necessarily expect that there will be a decline. I think that is something that the States are going to have to look very clearly at in making decisions about the priorities for services that they provide and in making decisions about the amounts to be allocated. I think one of the things that they would be considering is income eligibility, but that will be a State determination.

Senator **Denton**. I have been asking you previously about this transition to the block grants at the State level. Are you just going to dump it on a given date on the States, or is there going to be a set of requirements which they will have to meet, showing that they can administratively handle it. Then, as you receive these proposals for handling it—and I do not expect you to look at them too carefully, but generally look at them—will you then have a timetable that may vary from State to State, introducing this, or is this thing going to go bang, and here comes the money?

Mrs. **HAWKES**. Well, we are anticipating that the block grant will be effective on October 1. We are preparing now for that transition. We are working with the National Governors' Association and with other representatives of State government to identify their needs for information and to provide assistance to them in order to be sure of a smooth transition.

Among the things that we will be developing are lists of the current grantees for each State jurisdiction and identifying those cross-cutting Federal requirements which will remain in effect, including things like fiscal accountability requirements.

We are also trying to identify each State's individual and group needs. The requirements in the proposal do require that they provide to us the preexpenditure report, indicating their intent. But as I say, a lot of our activity right now is focused on working with them to begin planning for the block so that they will be ready.

Senator **DENTON**. I know that is being actively pursued. There were about nine State representatives and senators from my State at the White House yesterday, who got briefings from the Vice President, Mr. Schweiker, and so forth, but I do not know how institutionally progressive or deep this thing is.

In the past, States have been sued and judgments rendered, requiring them to pour more funds into a specific program. That is particularly true in my own State. If such a judgment is rendered against a State and the only source of funding available is the block grant, wouldn't the funding of this money to a particular program, in compliance with a court order, be contrary to the purpose of the block grant, which is to allow States to set their own priorities on the use of these funds? How would the administration suggest that this situation be addressed?

Mrs. **HAWKES**. If a State was under court order, obviously, they would have to face the court order. Many of the court decisions are based on current Federal laws, so if the laws are repealed, then the court decisions would be moot, I would assume, although I am not a lawyer.

None of the programs currently being folded into the block grant are entitlement programs. They represent Federal support for State programs, so the State could elect to serve any group for any purpose.

Consequently, it would appear that there would not be a standing under Federal law. That would depend on how the State law addressed the services that they were intending to deliver. If the State entitled certain people to services and then failed to deliver them, then the State might have a problem.

Senator **DENTON**. What priorities will the administration be setting in its proposed legislation for the Native American programs?

Mrs. **HAWKES**. The priorities that we have for the Native American programs are to assist them in managing and developing their ability to become self-sufficient, economically. Those are really the priorities in a broad sense.

Were you looking for some more specifics, Mr. Chairman?

Senator **DENTON**. If you have any.

Mrs. **Hawkes**. David could probably give you some examples of specifics that are going on now.

Mr. **Lester**. The broader mission, Mr. Chairman, of self-sufficiency, is expressed in two ways: First, the social aspects of self-sufficiency, in which local Native American communities can better care for those who are needy in their communities, through their own families, through their own community institutions, and in the case of federally-recognized tribes, through the powers of local government inherent in tribal government. Second, the concept moves to the requirement for a viable economic foundation upon which the social institutions can draw financial and economic support. So we are looking at ways in which we can improve the ability of individuals, families, and the community as a whole to respond to their own economic and social—not just their problems, and not just their needs, but their desires and aspirations, as well.

Senator **Denton**. What will be the impact of the proposed fiscal year 1982 budget reduction on the administration for Native American program ability to achieve its objectives?

Mrs. **Hawkes**. We expect that it will be a minimal impact. The reduction that is proposed for the Native Americans program is approximately 18 percent. However, there is an increase in funding in the Head Start program, and a constant level of funding, for the older Americans program. So in aggregate, the reduction in funding will probably be somewhere closer to about 5 percent, which places it well above any other programs right now. So we expect that it will be minimal.

Senator **Denton**. Early this month, this subcommittee had a hearing on the Domestic Volunteer Services Act administered by the ACTION agency, and at that time, the administration witness said that ACTION was interested in getting into runaway youth assistance. Since this has been an activity of HHS, have you been in contact with them?

Mrs. **Hawkes**. Not that I know of.

Mr. **Busa**. No, we have not, at least not insofar as what the future may hold for runaway youth projects and how they might be funded under the block grant.

Senator **Denton**. I want to thank the three of you, Mrs. Hawkes, Mr. Lester, and Mr. Busa. Your testimony was most helpful, and if we have further questions, we will submit them to you, and the record will be kept open.

Next, the subcommittee welcomes Mr. Donald L. Scantlebury, Director of the Accounting and Financial Management Division of the General Accounting Office.

STATEMENT OF DONALD L. SCANTLEBURY, DIRECTOR, ACCOUNTING AND FINANCIAL MANAGEMENT DIVISION OF THE U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY MORTON E. HENIG, SENIOR ASSOCIATE DIRECTOR, HUMAN RESOURCES DIVISION, GAO; GEORGE L. EGAN AND LAWRENCE SULLIVAN, ACCOUNTING AND FINANCIAL MANAGEMENT DIVISION, GAO

Mr. **Scantlebury**. Thank you, Mr. Chairman.

Senator **Denton**. We are anxious to hear your comments about the Community Services Administration, based on a report entitled, "Weak Financial Controls Make the Community Services Administration Vulnerable to Fraud and Abuse," and your general comments on the block grants.

Mr. Scantlebury. I would like to introduce the people who are with me this morning. On my left are Mr. George Egan and Mr. Lawrence Sullivan, who are also of the same Division that I am from, and on my right is Mr. Morton Henig who is a Senior Associate Director with the Human Resources Division of GAO.

Senator Denton. Good morning, gentlemen, and welcome.

Mr. Scantlebury. With your permission, Mr. Chairman, I have a fairly long testimony, which I would like to submit for the record, and I have a shortened version of it that I would like to read.

Senator Denton. We would appreciate it if all opening statements this morning would be limited to 5 minutes, because we have an extremely long hearing today.

Mr. Scantlebury. That may be a little tough, but I will try.

I will be discussing today the results of three GAO reviews involving the Community Services Administration (CSA)—two of the reviews have been completed; and the third, involving the CSA grant accounting system, is still ongoing. We have previously testified before the House Committee on Government Operations, Subcommittee on Manpower and Housing in May 1980 concerning the completed reviews. We have also testified before the Senate Committee on Governmental Affairs, Subcommittee on Federal Spending Practices and Open Government, and we issued the report that you referred to on August 22, 1980.

The first of the reviews we undertook in this area was performed to investigate allegations of misuse and abuse of Federal funds disclosed by audits of selected community action agencies and to determine if action had been taken to correct the management deficiencies which permitted the misuse and abuse to occur. We believe the problems identified are indicative of weaknesses in the internal controls used to safeguard Federal grant funds provided to these agencies. This review was not restricted to CSA-funded activities, but covered all Federal funds provided to these agencies. In this effort, we identified four major problem areas: The first of these was excess cash on hand. The second was inadequate control over service organizations. The third was dual reimbursement of grantee expenses, and the fourth was inadequate control over fixed assets. In addition, we found numerous other instances of program abuse and error.

The purpose of the second review was to determine why CSA and its grantees are vulnerable to misuse of Government funds. This study concentrated on whether CSA itself has an effective system of internal controls. Good internal controls are the best deterrent to fraud, embezzlement, and related illegal acts that we know of. Internal controls are the body of checks and balances which organizations set up to spread the work out in such a way that one person or function checks on what another person or function does. These checks detect errors and make fraud and related acts more difficult to perform. Good internal control by CSA is extremely important because the agency and its grantees annually handle about $2 billion in Federal funds.

We concluded that CSA has not placed enough emphasis on internal controls and that this condition influences regional offices and grantees. Therefore, we believe that many regional offices and grantees are more vulnerable to fraud, abuse, and error than they should be.

Now I would like to discuss very briefly some of the results of both assignments. With regard to excess cash, we found that millions of dollars of excess Federal cash have been retained by community action agencies. Such excess cash in the hands of grantees increases the Federal Government's operating cost in the form of interest that the Treasury pays on the money it borrows. In addition, excess cash has been loaned to other grant programs, delegate agencies, and other governmental units; has been used to subsidize non-governmental activities of community action agencies; has been used to earn interest; and at one location, excess cash has been diverted and embezzled. In my testimony I have some specific examples of these actions.

With regard to service corporations, we found that hundreds of thousands of dollars have been used to buy services and rent property from closely related nonprofit organizations called service corporations. Some of these corporations perform valid functions related to grants such as providing bus transportation for participants in the Head Start grant program. Others, however, have entered into transactions which have contributed to the loss of control over Federal funds and in some cases, the circumvention of the restrictions on the use of grant funds.

I would like next to turn to dual reimbursement. We found that over a million dollars of Federal funds have been used to pay for the same expenses twice. This has occurred because reimbursements are claimed under more than one federally-assisted program. Difficulty in tracking reimbursements to their funding source and inadequate financial reporting mechanisms make it relatively easy for this to happen.

For example, one community action agency received over $76,000 of excess reimbursement because it claimed the total cost of providing food service to children under several Federal programs. I have other examples of this also in my testimony.

We also found that tens of thousands of dollars of fixed assets purchased with Federal funds have been lost, stolen, or improperly disposed of by several community acting agencies.

As I indicated earlier, we issued a report to the Congress on the vulnerability of CSA to fraud, waste, and abuse in August of last year. I will briefly summarize some of the internal control weaknesses we noted during this review and relate to you what has or can happen as a result of these weaknesses.

At CSA headquarters and regional offices, we found that funds available for CSA's employee payroll and grants are not sufficiently protected. Also, two basic techniques commonly used in automated payroll systems—record counts and predetermined control totals—were not being used. The lack of such controls makes it easier to add, lose, or alter documents during processing without detection. I have a number of other examples in my testimony.

We believe that CSA has not placed enough emphasis on enforcing the requirement for strong internal controls to be in place throughout its organization. Officials have concentrated more on delivering funds to grantees than they have on funds control and accountability and monitoring. This emphasis influenced CSA regional officials and community action agencies who distribute Federal funds.

We also found that many of the weaknesses we identified during our review were similiar to or the same as weaknesses identified and reported to CSA in previous years by independent accounting firms during the annual audit of grantee operations. Yet, the problems were not corrected—at least, not permanently.

We are covering CSA's grant accounting system as part of an ongoing review of advances made by the Government. We found serious weaknesses in the system—confusing financial reports, erroneous information in the automated records, and the failure to follow accounting procedures, resulting in gross overstatement of assets and inaccurate monitoring of grantee cash advance balances.

Our work has shown that the erroneous information in the accounting records was caused primarily by grantees not submitting expenditure reports called for in their grant agreements in a timely manner with some reporting 7 months late; CSA personnel not promptly entering expenditure information into the automated accounting records with delays up to 30 months; CSA personnel not using available administrative remedies, such as suspending funds to grantees to assure they complied with financial reporting requirements; and inadequate accounting system reports on the status of cash advances.

That concludes my prepared statement, Mr. Chairman, and I would be very pleased to try to answer any questions.

[The prepared statement of Mr. Scantlebury follows:]

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D. C. 20548

FOR RELEASE ON DELIVERY
EXPECTED 10:00 A.M.
THURSDAY, APRIL 23, 1981

STATEMENT OF

DONALD L. SCANTLEBURY, DIRECTOR
ACCOUNTING AND FINANCIAL MANAGEMENT DIVISION
and CHIEF ACCOUNTANT of the UNITED STATES
GENERAL ACCOUNTING OFFICE

BEFORE THE SUBCOMMITTEE ON AGING, FAMILY
AND HUMAN SERVICES
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

CONCERNING RESULTS OF AUDITS OF THE COMMUNITY SERVICES
ADMINISTRATION AND SELECTED COMMUNITY ACTION AGENCIES

Mister Chairman and Members of the Committee:

We are pleased to be with you today to discuss the results of two reviews involving the Community Services Administration, as well as an ongoing review of its grant accounting system. With me today are George Egan and Lawrence Sullivan of the Accounting and Financial Management Division.

We have previously testified before the House Committee on Government Operations, Subcommittee on Manpower and Housing in May 1980 concerning these reviews. We also testified before the Senate Committee on Governmental Affairs, Subcommittee on Federal Spending Practices and Open Government. On August 22, 1980, we issued a report entitled, "Weak Financial Controls Make the Community Services Administration Vulnerable to Fraud and Abuse."

The first review was performed to investigate allegations of misuse and abuse of Federal funds disclosed by audits of selected community action agencies and to determine if action had been taken to correct the management deficiencies which permitted the misuse and abuse to occur. We believe the problems identified are indicative of weaknesses in the internal controls used to safeguard Federal grant funds provided to these agencies. This review was not restricted to CSA funded activities but covered all Federal funds provided to these agencies. In this effort we identified four major problem areas:

--excess cash on hand,

--inadequate control over service organizations,

--dual reimbursement of grantee expenses, and

--inadequate control over fixed assets.

In addition, we found numerous other instances of program abuse and error.

The purpose of the second review was to determine why CSA and its grantees are vulnerable to misuse of Government funds. This study concentrated on whether CSA itself has a system of internal controls. Good internal controls are the most effective deterrent to fraud, embezzlement and related illegal acts. Internal controls are the body of checks and balances which organizations set up to spread work out in such a way that one person or function checks on what another person or function does. These checks detect errors and make fraud and related acts more difficult. Good internal control by CSA is extremely important because the agency and its grantees annually handle about $2 billion in Federal funds.

We concluded that CSA has not placed enough emphasis on internal controls and that this condition influences regional offices and grantees. Therefore, we believe that many regional offices and grantees are more vulnerable to fraud, abuse, and error than they should be.

Now I would like to discuss the results of both assignments in some detail. I will start with the four problem areas identified in our first review.

Audit of Community Action Agencies

Excess Cash

We found that millions of dollars of excess Federal cash have been retained by community action agencies. Such excess cash in the hands of grantees increases the Federal Government's operating cost in the form of interest that the Treasury pays on the money it borrows. In addition, excess cash has been loaned to other grant programs, delegate agencies, and other governmental units; has been used to subsidize non-governmental activities of community action agencies; has been used to earn interest; and at one location, excess cash has been diverted and embezzled.

For example, on January 31, 1979, one community action agency reported a balance of $1.8 million of CSA funds. It's average monthly disbursements was $181,000. Thus, this agency's cash on hand was 10 times its average monthly disbursement needs.

At the same community action agency, we found that two former employees had diverted $1.8 million of CSA funds to interest-bearing accounts in three banks. None of the three appeared on the grantee's financial records. Some of these funds were held for periods of up to 6 months and earned $50,000 of interest which was not reported nor remitted to the Federal Government until our audit disclosed its existence.

In addition to diverting funds, one former employee of this community action agency also embezzled $120,000 of idle HEW (now HHS) funds during the period from February through November 1976, by making checks payable to himself, depositing them into his personal savings account, and when the checks were returned, changing the payee to the grantee to make them appear legitimate.

Service Corporations

We found that hundreds of thousands of dollars have been used to buy services and rent property from closely related, non-profit organizations, called service corporations. Some of these corporations perform valid functions related to grants such as providing bus transportation for participants in the Head Start grant program. Others, however, have entered into transactions which have contributed to the loss of control over Federal funds and in some cases the circumvention of the restrictions on the use of grant funds.

One such service corporation had no employees and no functions other than the writing of checks to repay loans which were used to acquire real and personal property. The corporation shared a common executive director with its community action agency and four of its board of directors either served as members of the community action agency's board or were involved in operating its Head Start program.

Since it was established, this service corporation has purchased and sold items of real and personal property. In 1973, it purchased 22 buses for $152,000. These buses were sold in 1978 for $85,000 and the proceeds were retained by the service corporation. At approximately the same time, it purchased 33 new buses for $472,000. The bank note for purchase of the 33 buses was signed by the executive director of the community action agency.

In addition, this service corporation has also purchased two buildings--one in 1973 for $44,000 and one in 1978 for $25,000. On August 15, 1979, the appraised value of the two buildings was $234,000.

Most costs associated with the purchase, operation, and maintenance of the buildings and buses have been or are being charged to Federal grants. The community action agency reimbursed the service corporation for all down payments except one for $5,000, and for all principal and interest payments on the loans used to acquire the buses and buildings. If the service corporation repays the loans as scheduled, such costs will amount to over $860,000 including $172,000 of interest, an expense not normally chargeable to Federal grants. The community action agency also paid for all renovations made to the buildings as well as all operating costs associated with the buildings and buses and charged those costs to the Head Start grant.

Because of this unique relationship whereby the service corporation purchased the property and leased it to the community action agency, the Federal Government, while paying all costs of purchasing and maintaining the property, has lost all control over it.

Dual Reimbursement

We found that millions of dollars of Federal funds have been used to pay for the same expenses twice. This has occurred because reimbursements are claimed under more than one federally assisted program. Difficulty in tracking reimbursements to their funding source and inadequate financial reporting mechanisms make it relatively easy for this to happen. For example:

--One community action agency received over $76,000 of excess reimbursement because it claimed the total cost of providing food service to children under several Federal programs.

--Another received over $855,000 in dual reimbursement between July 1974 and May 1977 because it was reimbursed for the same food costs under Agriculture's Child Care Food program and HEW's Title XX program.

--Another received $61,000 of dual reimbursements because it charged as administrative expense to its Emergency Energy Assistance program the same expense that it charged to its other Federal programs.

--A day care center received dual reimbursement of $38,000 during a one-year period because salaries of employees hired under several Federal job training and work relief programs were also reimbursed under Title XX grants.

Fixed Assets

We found that hundreds of thousands of dollars of fixed assets purchased with Federal funds have been lost, stolen or improperly disposed of. In addition, grantee property records were incomplete and inaccurate. For example, at one community action agency we found:

--Over $9,400 of office and photographic equipment contained in a certified inventory report sent to CSA in February 1979 could not be located.

--$3,000 of assets were included in the same certified inventory sent to CSA, even though the agency's property officer knew the items were missing. This included a 1968 automobile, lawnmowers, cassette recorders, a microfiche reader, and a radio.

At another community action agency, we found that 9 vehicles had been sold for a total of $64 to individuals with close ties to the agency. After we disclosed this, the agency and the individuals involved in the sale agreed that two of the vehicles would be returned and an additional amount would be paid for the other seven.

Vulnerability Audit

As I indicated earlier we issued a report to the Congress on the vulnerability of CSA to fraud, waste, and abuse in August of last year. I will briefly summarize some of the internal control weaknesses we noted during this review and relate to you what has or can happen as a result of these weaknesses.

At CSA headquarters and regional offices we found that:

- --The agency made insufficient and untimely reviews of grantee cash requests and quarterly expenditure reports used in the automated cash management system. As a result, grantees continued to receive and maintain excess cash.
- --Funds available for CSA's employee payroll and grants are not sufficiently protected. Also, two basic techniques commonly used in automated payroll systems -- record counts and predetermined control totals -- were not being used. The lack of such controls makes it easier to add, lose, or alter documents during processing without detection.
- --Physical security at CSA's computer facility was poor at the time of our review, making both the facility and the accounting records highly vulnerable to fraud, abuse, and destruction. Also, access to the computer room and tape library was not properly restricted.
- --Property management duties were not delegated to a sufficient number of people to provide the necessary checks and balances. Also, CSA's property records did not reflect the location of furniture and equipment because there was no central file of these items. Some equipment purchased with Federal funds could not be found.

At the grantees we visited, we found that internal controls were unacceptably weak despite numerous CSA publications which provide internal control guidance and repeated recommendations of independent accounting firms made during annual audits of grantee activities. Specifically:

--One grantee was not depositing employee deductions for medical insurance in a self-insurance fund as it was supposed to and could not account for what had been done with these funds because of poor internal controls. The grantee used over $73,000 of CSA's funds improperly to pay employee claims.

--At several grantees, payroll duties were not properly separated among employees. Without any supervision, one or two persons often controlled payroll additions, deletions, and calculations as well as distribution of paychecks. At one grantee, persons had been placed on the payroll and paid without proof that they were employed. In one case, an employee remained on the payroll for over three months after quitting.

--At many grantees, purchasing and property management functions were performed by only one or two persons. They prepared purchase orders, placed orders, received goods, recorded items on inventory records, maintained inventory records, and conducted physical counts of inventories. We found postdated purchase orders, receiving reports written in advance and predated, inaccurate inventory records and many items missing from inventory.

--One grantee with an $11.5 million budget failed to sufficiently define the needed qualifications for a controller and had hired an individual with only limited experience as an accounting technician. As a result of our identification of numerous internal control weaknesses for which the controller was responsible, this official was asked to, and did resign.

--One grantee, which made loans to community businesses, failed to require, establish, or use loan applications, promissory notes, repayment schedules, collateral, penalty provisions, or payment due notices. As a result, the grantee had written off about $30,000 (18 percent) of its loans and established another $56,581 (34 percent) as doubtful accounts. In one instance, the grantee failed to collect or attempt to collect $40,000 in delinquent loans from a company still operating at the time of our review.

--Other grantees had internal control weaknesses in travel. The most serious was one which did not require its employees to prepare travel vouchers. Employees received travel advances based on their anticipated travel and the advances were immediately expensed instead of becoming an accounts receivable owed by the employee.

--Another grantee disbursed $400,000 to a delegate agency for training owners of small businesses and/or economically assisting community businesses. Two years and

$359,000 later, the grantee learned that the delegate agency had ceased operations; that two of its employees had stolen $16,000; and that virtually none of the grant money was spent for its intended purposes. The grantee had not required the delegate agency to submit either progress or financial reports.

These are the major internal control weaknesses we identified during this vulnerability assessment. However, many more but less serious weaknesses were also found at every location we visited and when considered in total led us to conclude that CSA was vulnerable to fraud and abuse. We believe that the primary cause of CSA's vulnerability is that it had not placed enough emphasis on enforcing the requirement for strong internal controls to be in place throughout its organization. Officials have concentrated more on delivering funds to grantees than they have on funds control and accountability and monitoring. This emphasis influenced CSA regional officials and community action agencies who distribuate Federal funds.

We also found that many of the weaknesses we identified during our review were similar to or the same as weaknesses identified and reported to CSA in previous years by independent accounting firms during the annual audit of grantee operations. Yet, the problems were not corrected -- at least not permanently.

Ongoing Review

We are covering CSA's grant accounting system as part of an ongoing review of advances made by the Government. We found serious weaknesses in the system--confusing financial reports, erroneous information in the automated records and the failure to follow accounting procedures--resulting in gross overstatements of assets and inaccurate monitoring of grantee cash advance balances. For example, information in the system's automated accounting records is erroneous. Direct confirmation of cash advance balances for 195 grants disclosed that the system overstated the balances by over 900 percent. The accounting system showed $100 million in undisbursed Federal cash while grantees reported they had only 10 million in Federal cash. We found that inaccurate reports on the financial status of grants--particularly cash advances outstanding--enabled grantees to hold Federal monies far in excess of the current cash needs with little fear of being questioned by agency personnel. Our confirmation of cash advances for the 195 grants disclosed that 139 grantees had between 4 and more than 90 days cash on hand even though Treasury regulations limit grantees to a 3 day supply. In three extreme cases, grantees had a year's supply of cash.

Our work has shown that the erroneous information in the accounting records was caused primarily by (1) grantees not submitting expenditure reports called for in their grant agreements in a timely manner with some reporting 7 months late, (2) CSA Personnel not promptly entering expenditure information into the automated accounting records with delays up to 30 months,

(3) CSA Personnel not using available administrative remedies, such as suspending funds to grantees to assure they complied with financial reporting requirements, and (4) inadequate accounting system reports on the status of cash advances.

This concludes my prepared statement, Mr. Chairman. We would be pleased to answer any questions you or other members of the Committee may have.

Senator **Denton**. Thank you, Mr. Scantlebury.

I would like to pause to welcome and introduce to this audience the most distinguished Senator from Utah, and Chairman of the Labor and Human Resources Committee, my mentor, my leader in this Committee, and my advisor in the Senate in general, a man for whom I have tremendous respect, Senator Orrin Hatch.

Senator **Hatch**. Thank you, Senator. That was very nice of you to say. He does not need any mentors or leaders, so that was just senatorial courtesy, I am sure. We are really proud of Senator Denton and what he is doing in this Committee and others in the Congress. He has had probably the most active role on this Committee, outside of the full committee functions on health. So we are very pleased that you are pushing ahead with these pieces of legislation, block grants, and otherwise, that really have to be done within such a short time frame. We appreciate you witnesses for participating.

I wanted to just come and spend a few minutes, listening. I have four committee conflicts this morning, so I am just doing the best I can.

So it is good to welcome all of you here, and I am very proud to serve with Senator Denton.

Senator **Denton**. Thank you very much, Senator Hatch.

Mr. Scantlebury, in your report and in your verbal statement, you observed that a great deal of Federal money has been used to pay for the same expenses twice. You used the term, "dual reimbursement". I imagine in some cases, it can be more than twice. Do you think that a block grant approach would alleviate this problem of dual reimbursement? Would you discuss that?

Mr. **Scantlebury**. To some extent. Where there are now two separate programs that will be combined into one grant and will be administered together, it would be more difficult, I think, for a dual reimbursement. In that situation the block grant program would be of some help. I do not think it would completely solve the problem, but it could help.

Senator **Denton**. You cited in your report that the grantees had problems controlling fixed assets. Could you explain exactly how the grantees had this problem?

Mr. **Scantlebury**. Well, this has been mainly a matter of just not setting up the right kind of accounting controls, as well as physical controls. Many of the items that were taken or disappeared were items that would be attractive to people for their personal use like television sets. Some assets were also sold at unreasonably low prices. But the biggest problem was the fact that many of the assets disappeared. This was due to lack of good accounting and physical controls.

Senator **Denton**. When given the opportunity to respond to your report, what comments did CSA have?

Mr. **Scantlebury**. Well, I would like to read exactly what they said. They contended that the report—

> Conveyed a misleading view of management, ignored pertinent facts, presented distorted statements, and was not accurate in its portrayal of the agency's concern for accounting and managerial controls.

But that is the kind of thing that happens to us fairly often at the General Accounting Office. They disagreed with the facts we had in our report, but they agreed with our recommendations.

Senator **Denton**. I can remember similar experiences in the Navy.

How did the CSA respond to your suggestions to reduce or suspend funding for grantees found repeatedly to have inadequate internal controls or excess cash?

Mr. **Scantlebury**. They said that they had numerous examples of suspended funding—where they had suspended funding to some of the community action agencies. However, they gave us very few examples, and we did not come across any significant number in our audit work.

Senator **Denton**. How about their reaction to your pointing out deficiencies in their computer security?

Mr. **Scantlebury**. Well, they felt that a lot of the problems they were having in that area were beyond their control. They said the General Services Administration has a lot of authority over what equipment you can buy, and they have authority over the computer system. So they felt that perhaps we should have directed our recommendations to the General Services Administration rather than to them. We pointed out, however, that each agency is responsible for assuring adequate security-including physical security for its computer facility.

Senator **Denton**. What was their response to your recommendation to better document questioned costs?

Mr. **Scantlebury**. Their response of October 1980 to the congressional oversight committees stated that they have revised their audit practices to now show whether a questioned cost is allowed or disallowed and the form of restitution required. They also stated that this tracking process was being revised further to require that all unresolved audit findings pending in July 1980 be resolved at the end of fiscal year 1981.

However, this still does not address our recommendation to include explanations of how and why these determinations were made. The key to preventing fraud, waste, and abuse is identifying the causes for the problems identified.

Senator **Denton**. Based upon your auditing expertise, what other accountability measures besides the audit function are needed to insure efficient and effective management of Federal block grant programs by state governments?

Mr. **Scantlebury**. Well, this is a very complicated subject, but we think that the block grants should include provisions for insuring State accountability for properties of Federal funds, making progress toward achieving broad national goals, and minimizing substitution of Federal for State funds.

We think it very important that they have objectives and priorities that are clearly stated, so that progress can be measured under the block grant program. We also think that they should insist that grantees have good internal control systems, so that the money is carefully protected. And finally, we think that it is important that audits be required. These audits should be performed in accordance with the audit standards which the General Accounting Office has issued that are applicable to grantees and to the Federal government, to be sure that adequate audits are made. From our audit experience we have seen a number of grant audits that have been substandard in coverage.

Senator DENTON. Are you going to be able to satisfy yourself, if you are not already satisfied, that the administration is tuned in to those requirements as you have outlined them and will be taking steps to make sure that the proper corrective implementation is made?

Mr. SCANTLEBURY. Well, I noticed that Mrs. Hawkes who spoke before me indicated in her statement that they were considering the audit requirements. And the Inspector General Act requires that the Inspector General follow the audit standards that are prescribed by the General Accounting Office, so we are going to monitor what is happening and to the best of our ability see that they do follow those audit standards and have those kinds of audits done.

Senator DENTON. Has the CSA taken any action to correct the accounting system weaknesses for grants and cash advances to grantees disclosed by GAO's ongoing work?

Mr. SCANTLEBURY. They have got an outside consultant to work with them to design some new accounting reports and procedures, but I think that is about the extent of it. Isn't that right Larry?

Mr. EGAN?

Mr. SULLIVAN. Yes; but that will not completely solve the problem. Part of the problem is that the employees are not properly implementing the accounting procedures. Also, they have a lot of data in their accounting system now that will have to be corrected. So, the new reports and procedures would only go partway in solving their problem.

Senator DENTON. Well, thank you very much, Mr. Scantlebury. If you have no further comments, I will ask Senator Hatch if he has any questions.

The CHAIRMAN. Mr. Chairman, I am going to reserve my questions and submit them in writing, and I would appreciate it if you would reserve my right to submit questions in writing to any or all witnesses here today.

Senator DENTON. Absolutely, sir.

The CHAIRMAN. Thank you, Mr. Chairman.

Senator DENTON. Thank you very much, Mr. Scantlebury and gentlemen.

We would like to welcome Senator James B. Dunn of the South Dakota State Senate. It is a pleasure to have you here today, sir.

The President has made some proposals which would usher in a new role and responsibility for the States, and we have called upon you because we value your observations on these proposals from the perspective of a State.

Senator Dunn, would you care to make an opening statement?

STATEMENT OF HON. JAMES B. DUNN, STATE SENATOR, SOUTH DAKOTA, REPRESENTING THE NATIONAL CONFERENCE OF STATE LEGISLATURES, ACCOMPANIED BY DAVID RIEMER, STAFF DIRECTOR, NCSL COMMITTEE ON HUMAN RESOURCES

Senator DUNN. Thank you, Mr. Chairman and members of the subcommittee.

I am from western South Dakota. It is a State that does not have an awful lot of people. There are less than 700,000 people in the whole State. It is primarily an agricultural and rural State. But many of the items that we are speaking about today and that are in contention do affect many in South Dakota.

We have a high percentage of citizens in South Dakota who are 65 years or older, so many of the programs under discussion do have a direct effect in South Dakota.

I am speaking today as a member of the executive committee of the National Conference of State Legislatures. You probably know that we are the official representative of the country's 7,500 State lawmakers, and we are the only national legislative organization funded and governed directly by all 50 State legislatures.

I would like to thank the chairman and members of the subcommittee for this opportunity to present our position on the social services block grant proposals. The last 20 years have witnessed an extraordinary rise in categorical Federal programs. Intergovernmental grant-in-aid programs, most of which are narrowly categorical, have grown in the last two decades from about 130 to over 500 programs, affecting nearly every field of private, local, and State activity. These programs cost only a little over $7 billion in 1960, less than 15 percent of total local-State expenditures and less than 2 percent of the gross national product at that time. By contrast, they cost $88 billion in 1980, accounting for 23 percent of total local-State outlays and well over 3 percent of the GNP. And I guess, speaking from the State legislatures' point of view, it is that local-State that we are concerned about in picking up the difference.

The proliferation in categorical programs and funding has been accompanied by a corresponding growth in redtape and bureaucracy. The approximately 40 categorical public health and social service programs which the administration seeks to consolidate encompass over 400 pages of law and over 1,000 pages of regulations. To administer the 6,800 grants supported by these programs, over 7 million man-hours must be spent by community groups, local government, and State agencies solely for the purpose of filling out Federal reports.

The administrative complexity, paperwork requirements, and grant application mandates which characterize the so-called system of categorical programs have forced States to divert precious funds away from the poor, the elderly, and the handicapped in order to satisfy the demands of the Federal bureaucracy. Categorical programs have also imposed a costly burden on both State and Federal Governments. The diversion of funds will only become greater, and the burden on Governments will only grow more intolerable, if the funding level for these programs is substantially reduced, but their categorical nature remains intact.

The Nation can no longer afford the inefficiency and waste built into the "system" of categorical programs. It is essential that a more effective and less costly way be found to solve the domestic problems which the Federal Government wishes to solve in these times of fiscal austerity and budget discipline.

NCSL believes that the best way to deliver the social services which the Federal Government deems essential is for the Federal

Government to consolidate most of the categorical social service programs which now exist into an appropriate number of block grants with broadly stated Federal objectives; permit State governments to determine which specific social service activities will most appropriately carry out the broad Federal objectives; and, finally, provide States with a level of funding sufficient, in light of the more cost-effective block grant structure, to achieve the Federal goals.

In consolidating social service programs into block grants, Congress should adhere to the following principles.

First, it is essential that the maximum possible flexibility for States be built into any social service block grant enacted by Congress. The need for such flexibility only becomes greater the more severely Federal funding is reduced. Given maximum flexibility, States will be able to target virtually all block grants funds toward meeting the needs of the poor, the elderly, and the handicapped and the general public, and will be able to spend far less on hiring bureaucrats to comply with elaborate Federal planning, governing board, evaluation, and reporting requirements and on dickering with remote Federal bureaucrats. Without such maximum flexibility, States will have no choice but to divert money in order to meet Federal demands. The diversion of block grant funds from the needy would simply grow worse if Congress retains all the restrictions it has placed on both existing categorical grantees and State agencies and simultaneously cuts Federal funding by the 25 percent suggested by the administration.

Second, in mandating the procedure to be used in allocating block grant funds, Congress should go no further than to require that such funds be spent "according to State law."

In order to stay within the time frame, I think I will paraphrase and just go to the main points in my statement, as the committee has the statement in front of them.

Third, if it becomes politically necessary to require that some sort of hearing must be held before block grant funds are spent, Congress should allow each State to determine which component of State government is to hold the hearing and what kind of hearing is held. It is my understanding that most States have a lead agency with the responsibility to accept any Federal funds. Those funds are washed through, in a sense, the budget process, through the Appropriations Committee. This point was brought up in testimony twice before.

Fourth, if it similarly becomes politically necessary to require that some sort of plan must be prepared before block grant funds are spent, Congress should allow each State to determine which component of State government is to develop the plan and what kind of plan is submitted. It should be possible for State legislatures, within the context of enacting their annual or biennial budgets, to meet any Federal plan requirements. Alternatively, legislatures should be free to develop other documents to satisfy the Federal planning mandate. It should also be possible for a State to decide that its Governor or a designated State agency shall prepare whatever plan is required.

Fifth, block grant legislation should make explicit that the kinds of social service activities funded in the past under categorical programs need not function as a limit on the kinds of social service activities funded under the corresponding block grant. States should have the clear authority to fund any kind of social service activity which is consistent with the broad Federal purposes of a block grant. It should therefore be made clear, in any "laundry list" of existing social service activities in any block grant legislation—whether the listing occurs in the findings of fact, in the statement of purpose, or in the text of a block grant bill itself—that the listing is simply illustrative of, but in no way a limit on, the kinds of social service activities that may be supported with the block grant funds in question.

Sixth, at the time that Congress enacts social service block grant legislation, Congress should direct the Department of Health and Human Services to provide State legislatures, Governors, and agencies, upon request, with technical assistance and with information about what other States have done, are doing, and are planning in the area of block grants. Under the block grant system, there is a role for the Federal Government beyond that of writing checks and conducting periodic audits.

This final point has come up again several times. To insure a smooth transition from the current categorical system to a block grant system, Congress should include in any block grant legislation it enacts a requirement that entities currently receiving funds under categorical programs shall continue to receive pro rata shares of funding under relevant block grants until the States have gone through the process of allocating block grant funds.

In my own State of South Dakota, Mr. Chairman, it would be my hope that the day after Congress enacts and the President signs the social services block grant legislation, the South Dakota Legislature will decide how to allocate the funds and our Governor will sign the bill into law. But we all have to be realistic. It all depends on when it happens. It might take 2 days, 2 weeks, or 2 months. And because of the great differences among the 50 States and their legislatures, it may take some time before all States have made their final decisions as to how to allocate the block grant funds the Federal Government makes available.

Remember that most State legislatures will have completed their budgets and gone out of session by May 30, and certainly by the first of July, well before any block grant legislation could be enacted and funded by Congress this year.

Another problem is that most State budgets run from July 1 through June 30. So virtually all State legislatures would not normally begin debating their next States budgets until January 1982, and in those States that have biennial budgets, until January 1983. Because of these factors, it may be difficult for some States to take immediate action to allocate the block grant funds which Congress makes available, or would possibly make available, this summer or fall.

Furthermore, though State legislatures can be convened in special sessions to rewrite their budgets under extraordinary circumstances, there may be some States which would rather not disrupt so seriously their normal budget cycles solely in order to respond to changes in Federal policy. Strong objections to the cost of special sessions, strong feelings about preserving the integrity of the budget process, or unique political circumstances may create a strong preference for waiting until January 1982, or in biennial budget States until January 1983, in order to allocate block grants. In my own State, it would be very, very difficult. We have only had four special sessions in the entire history of the State.

To accommodate those States which feel they can do a better job by allocating block grant funds—not this summer or fall in special session—but as part of their normal budget deliberations, Congress should allow the entities now receiving funds under categorical programs to continue to receive reduced pro-rata shares of funding until the States in question have decided how to allocate block grant funds.

Mr. Chairman, NCSL is pleased that the Administration has proposed to consolidate over 40 categorical public health and social services programs. And I guess from the standpoint of NCSL, representing the 7,500 elected State legislators, the staff of NCSL—one in name, David Riemer, who is here with me this morning—are located here in Washington, and like many other associations, we would be certainly more than willing to work toward resolving all of this and getting the information out to all of those State legislatures that are in turn going to have to act on it.

I appreciate the opportunity to appear, and Mr. Chairman, and I will try to answer any questions you may have.

[The prepared statement of Senator Dunn follows:]

TESTIMONY OF
SENATOR JAMES B. DUNN
EXECUTIVE COMMITTEE
NATIONAL CONFERENCE OF STATE LEGISLATURES
BEFORE THE
SENATE SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES

April 23, 1981

Mr. Chairman, Members of the Committee, my name is James B. Dunn and I represent the Black Hills area of South Dakota--the geographical center of the 50 United States--the South Dakota State Senate. I am speaking today as a member of the Executive Committee of the National Conference of State Legislatures (NCSL). NCSL, as you may know, is the official representative of the country's 7,500 state law-makers, and it is the only national legislative organization funded and governed directly by all 50 state legislatures. I would like to thank the Chairman and the members of the Subcommittee for giving me this opportunity to present NCSL position on the social service block grant proposals which the Administration has advanced.

Mr. Chairman, the last 20 years have witnessed an extraordinary rise in categorical federal programs. Intergovernmental grant-in-aid programs, most of which are narrowly categorical, have grown in the last two decades from about 130 programs concentrated in the areas of transportation and income security to over 500 programs affecting nearly every field of private, local and state activity. These programs cost only a little over $7 billion in 1960, less than 15% of the total local-state expenditures and less than 2% of the GNP. By contrast, they cost $88 billion in 1980, accounting for 23% of total local-state outlays and well over 3% of the GNP.

The proliferation in categorical programs and funding has been accompanied by a corresponding growth in red tape and bureaucracy. The approximately 40 categorical public health and social service programs which the Administration seeks to consolidate encompass over 400 pages of law and over 1000 pages of regulations. To administer the 6,800 grants supported by these programs, over 7 million man hours must be spent by community groups, local government, and state agencies solely for the purpose of filling out federal reports.

The administrative complexity, paperwork requirements, and grant application mandates which characterize the so-called "system" of categorical programs have forced states to divert precious funds away from the poor, the elderly, and the handicapped in order to satisfy the demands of the federal bureaucracy. Categorical programs have also imposed a costly burden on both state and federal government. The diversion of funds will only become greater, and the burden on governments will only grow more intolerable, but if the funding level for these programs is substantially reduced but their categorical nature remains intact.

The nation can no longer afford the inefficiency and waste built into the "system" of categorical programs. It is essential that a more effective and less costly way be found to solve the domestic problems which the federal government wishes to solve in these times of fiscal austerity and budget discipline. NCSL believes that the best way to deliver the social services which the federal government deems essential is for the federal government to:

--Consolidate most of the categorical social service programs which now exist into an appropriate number of block grants with broadly-stated federal objectives;

--Permit state governments to determine which specific social service activities will most appropriately carry out the broad federal objectives; and

--Provide states with a level of funding sufficient, in light of the more cost-effective block grant structure, to achieve the federal goals.

In consolidating social service programs into block grants, Congress should adhere to the following principles:

- First, it is essential that the maximum possible flexibility for states be built into any social service block grant enacted by Congress. The need for such flexibility only becomes greater the more severely federal funding is reduced. Given maximum flexibility, states will be able to target virtually all block grants funds towards meeting the needs of the poor, the elderly, and the handicapped and the general public, and will be able to spend far less on hiring bureaucrats to comply with elaborate federal planning, governing board, evaluation, and reporting requirements and on dickering with remote federal bureaucrats. Without such maximum flexibility, states will have no choice but to divert money in order to meet federal demands. The diversion of block grant funds from the needy would simply grow worse if Congress retains all the restrictions it has placed on both existing categorical grantees, and state agencies and simultaneously cuts federal funding by the 25% suggested by the Administration.

- Second, in mandating the procedure to be used in allocating block grant funds, Congress should go no further than to require that such funds be spent "according to state law". It would be unrealistic to expect that Congress will say nothing about the procedure states must use in spending block grant dollars. At the same time, Congress should avoid the temptation to define in great detail the procedural hoops states must jump through in order to spend block grant funds. It should be left to each state to decide whether to hold special hearings on the expenditure of block grant funds, whether to establish advisory committees, etc. For the federal government to replace the procedural routines embedded in the categorical grant system with a brand new set of procedural dictates governing the distribution of block grant funds would be not only to ignore the historic differences among the states but would be inconsistent with the basic philosophy behind block grants.

Third, if it becomes politically necessary to require that some sort of hearing must be held before block grant funds are spent, Congress should allow each state to determine which component of state government is to hold the hearing and what kind of hearing is held. State legislatures should be free to use their regular budget hearings to meet any block grant hearing requirement. At the same time, legislatures should be free to use other forums for complying. It should also be possible for a state to decide that its governor or a designated state agency shall hold the hearing required. It should similarly be permissible to provide notice of the hearing by any customary and effective method, and to use either formal or informal hearing formats. In short, if the federal government is to insist on a hearing prerequisite, it should limit itself to mandating that:

--A hearing be held by an appropriate component of the state government;

--Notice be provided in any usual method that works; and

--The hearing be held before the final decisions are made as to the allocation of block grant funds.

Fourth, if it similarly becomes politically necessary to require that some sort of plan must be prepared before block grant funds are spent, Congress should allow each state to determine which component of state government is to develop the plan and what kind of plan is submitted. It should be possible for state legislatures, within the context of enacting their annual or biennal budgets, to meet any federal plan requirements. Alternatively, legislatures should be free to develop other documents to satisfy the federal planning mandate. It should also be possible for a state to decide that its governor or a designated state agency shall prepare whatever plan is required. The content and form of any such plan should largely be left to each state to determine. In brief, if the federal government is to insist on a plan, it should limit itself to mandating that:

--A plan be developed by an appropriate component of state government; and

--The plan explain, in any suitably coherent fashion, what activities the state will carry out with block grant funds.

- Fifth, block grant legislation should make explicit that the kinds of social service activities funded in the past under categorical programs need not function as a limit on the kinds of social service activities funded under the corresponding block grant. States should have the clear authority to fund any kind of social service activity which is consistent with the broad federal purposes of a block grant. It should therefore be made clear, in any "laundry list" of existing social service activities in any block grant legislation (whether the listing occurs in the findings of fact, in the statement of purpose, or in the test of a block grant bill itself), that the listing is illustrative of, but in no way a limit on, the kinds of social service activities that may be supported with the block grant funds in question.
- Sixth, at the same time that Congress enacts social service block grant legislation, Congress should direct the Department of Health and Human Services to provide state legislatures, governors, and agencies, upon request, with technical assistance and with information about what other states have done, are doing, and are planning in the area of block grants. Under the block grant system there is a role for the federal government beyond that of writing checks and conducting periodic audits. That

role is to provide states with technical expertise and to facilitate the exchange of information.

- Finally, to ensure a smooth transition from the current categorical system to a block grant system, Congress should include in any block grant legislation it enacts a requirement that entities currently receiving funds under categorical programs shall continue to receive pro-rata shares of funding under relevant block grants until the states have gone through the process of allocating block grant funds.

In my own State of South Dakota, Mr. Chairman, it would be my hope that the day after Congress enacts and the President signs the social service block grant legislation, the South Dakota Legislature will decide how to allocate the funds and our Governor will sign the bill into law. But we all have to be realistic. It may take us two days--or two weeks--or two months. And because of the great differences among the 50 states and their legislatures, it may take some time before all states have made their final decisions as to how to allocate the block grant funds the federal government makes available.

Remember that most state legislatures will have completed their budgets and gone out of session by May 30, well before any block grant legislation could be enacted and funded by Congress this year. Approximately 40 state legislatures will have wrapped up their budgets and gone out by June 30, the earliest conceivable date Congress could have completed all action on block grant bills and appropriations. Furthermore, as you know, state budgets run from July 1 through June 30. So virtually all state legislatures would not normally begin debating their next state budgets until January of 1981--and, in those states that have biennial budgets, until January of 1983. Because of these factors, it may be difficult for some states to take immediate action to allocate the block grant funds which Congress makes available this summer or fall. Furthermore, though state legislatures can be convened in special sessions to rewrite their budgets under extraordinary circumstances, there may be some states which would rather not disrupt so seriously their normal budget cycles solely in order to respond to changes in federal policy. Strong objections to the cost of special sessions, strong feelings about preserving the integrity of the budget process, or unique political circumstances may create a strong preference for waiting until January of 1982--or in biennial budget states until January of 1983--in order to allocate block grants.

To accommodate those states which feel they can do a better job by allocating block grant funds--not this summer or fall in special session--but as part of their normal budget deliberations, Congress should allow the entities now receiving funds under categorical programs to continue to receive reduced pro-rata shares of funding until the states in question have decided how to allocate block grant funds.

Mr. Chairman, NCSL is pleased that the Administration has proposed to consolidate over 40 categorical public health and social services programs into four block grants --health services, preventive health, social services, and energy and emergency assistance. While reasonable questions can be raised about the decision to propose four block grants instead of a smaller or larger number; about the choices as to which categorical programs were folded into which block grant; and about the details of the specific legislation proposed by the Administration; NCSL believes that on the whole the Administration's proposal is an excellent step in the right direction.

The most troubling feature of the Administration's public health and social service block grant proposal is the requested level of funding. Compared to the FY 1981 amount needed to maintain at current service levels the array of categorical programs to be folded into block grants, the Administration seeks a 25% reduction in funding. The Congressional Budget Office estimates that because of inflation the reduction really amounts to 32%.

It is my belief, Mr. Chairman, that compared to the services now being delivered to the poor, the elderly, the handicapped, and the general public under categorical programs, the social services that can be delivered at the reduced level of funding in most states will be substantially fewer. The reason for this real reduction in services is that the significant administrative savings states will realize from the consolidation of categorical programs into block grants will nonetheless not be sufficient in most states to compensate for the substantially reduced federal funding made available. CBO has estimated that at most administrative savings would amount to 8%, compared to the 25% funding reduction proposed. There is debate as to whether CBO's estimate is entirely correct. But we should not kid ourselves that the savings resulting from block grants will equal throughout the country the major reduction in funding proposed. The painful truth is that fewer services will be delivered to the poor, the elderly, the handicapped, and the general public in most of our states if social service block grants are cut by 25%.

If the decision is made to reduce funding for social service activities by 25%, the real reduction in services which will occur will not generally be picked up by the states. We face the same demands for fiscal austerity that you face. We are caught in the same kinds of budget squeezes you must address. State legislatures will generally conclude, I believe, that they are under no obligation--and cannot afford--to pick up social services which the federal government initiated. So if you do go along with the 25% cut--and if the public social service block grants are further reduced in future years, as I fear they may be, in order to achieve the enormous "unspecified savings" of $110 billion planned by the Administration for FY 1983 through 1985--you must expect that you here in Congress will be held accountable for the real reductions in services you are causing for the sake of other national objectives.

Mr. Chairman, I would like to thank you for giving me this opportunity to present NCSL views. I will try to answer any questions you may have.

Senator **Denton**. I would like to welcome you, Mr. Riemer. I understand you used to be a staff member.

Mr. **Riemer**. Thank you.

Senator **Denton**. Thank you, Senator Dunn.

I must say that, although I have relatively rough expertise in this area, some of your recommendations, such as that Congress go no further than to require that such funds be spent according to State law; and Congress should allow each State to determine which component of State government is to hold a hearing, and what kind of hearing is held; Congress should allow each State to determine which component of State government is to develop the plan and what kind of plan is submitted; block grant legislation should make explicit that the kinds of social services activities funded in the past need not function as a limit on the kinds of social service activities funded under the corresponding block grant, et cetera—sir, I believe that is the whole thrust of this. We are trying to move from the top of government down closer to the people so it will be government by the people.

I think we would be better off limiting you, and violating the principle of deregulation which is part of the source of saving and part of the whole idea of bringing into play the more precise judgment regarding local needs that would be achievable at the State level. So we are not going to explicitly do these things you are asking us to. We are not going to mention them. We are going to remain silent, and you run it at the State level. Now, there are going to be some problems with that, but not of the nature of those I just cited. For example, as you have said, there will be difficulty regarding the time before all States have made their final decisions as to how to allocate the block grant funds. And this is something that I have mentioned earlier today, and I am not entirely satisfied that that will not lead to interruption of delivery of services.

We on this subcommittee will try to write into law requirements that will eliminate that likelihood, but we will only try. I believe we will be successful, but I do not know.

Concerns have been expressed, contrary to the philosophy that I just mentioned, that if the block grants go through, the States will be indifferent to the needs of their constituents and will choose to fund only those programs that are politically expedient. Would you comment?

Senator **Dunn**. Well, Mr. Chairman, in the present framework, the way that money comes through, for instance, in the social services area, I do not think that there would be any more change whether it is under the block grant system——

Senator **Denton**. Could you speak a little louder, please?

Senator **Dunn**. I do not believe that there would be that much of a difference in how the money comes to the States. I think we all react to where the pressure is at closer to home. And I think one of the problems—and I think at NCSL, that is why we are here today—is that through the NCSL, the collective judgment of many of the legislatures, individually and collectively, problems have come when it was laid out from above, and we did not have a choice on the local level. Some of the programs in many different fields were bought, if you will, on the local level because it sounded great and somebody else was going to put the money into it, maybe the biggest end of it. Many of us battled some of these because we knew that someday down the road, it was going to turn over, it was going to reverse; the percentage was going to reverse so the money was going to go out. And I think that the honesty of the individual legislators and legislatures in their own situation—do not think that they would be abusive. I do not think they would get by with it, killing one program versus another for political expediency.

Senator DENTON. It would seem to be subject to a closer accountability to their own voters and a more approximate familiarity with what the needs of the State are. So honestly alone would not be the only thing that would be keeping it honest.

Senator DUNN. That is right.

Senator DENTON. In the block grant approach, States will not be required to match Federal funds. Obviously, the viability of these programs in the past has depended to a greater or lesser extent on the States meeting matching requirements for the categorical grants. Is there any indication from the States that they would be willing, under a block grant approach, to kick in at least similar amounts from the State treasuries, as in the past, and more where necessary?

Senator DUNN. Mr. Chairman, I think that it would work out the same way. It would be a pick-and-choose situation, and if you had certain areas, certain programs that needed more emphasis, more money, and the need was there, I think that even on that basis, you could better expend your State dollars in matching up with those larger amounts that were put into any given program. Again, I think it would work the same way.

Senator DENTON. Can you give specific examples of agencies or networks that you already have on the local level to deliver the services included in the block grant?

Senator DUNN. Well, for instance, one in particular, weatherization of homes under the energy assistance. Where I come from, it generally snows; it did not last winter, but it does, and it gets cold. And many of the elderly were living in older homes that were not weatherized, and the community action people were the lead agency in working with local contractors to put in storm windows, storm doors, weatherizing around doors and windows.

In the ADC program, we are already set up on a local basis. There is someone already there, already in place, who takes care of these type of things—unemployment comp, aid to dependent children, or anything else.

Senator DENTON. What about the weatherization of homes and so forth, if the CAP is not there in South Dakota?

Senator DUNN. If CAP were not there, I think that the next thing you would do would be simply go to your local county offices that handle all the rest of your aid to dependent children. Or in most of the communities, at least in South Dakota, they do have a local planning commission. That is another way it could be handled.

Senator DENTON. Well, I hope that with regard to your organization—of which you said there are 7,500 State legislatures—you will remind them that we have got to be more than thinking about possibilities right now. We are talking about October 1.

Senator DUNN. Right.

Senator **Denton**. If there is a block grant approach, what kind of priority, if any, do you think that States will give to programs such as funded under the Child Abuse Prevention and Treatment and Adoption Reform Act?

Senator **Dunn**. In many of the States, and especially in my State, in the last 2 years there has been a number of bills offered dealing with both of these issues. It is something that certainly has existed for a long time, but child abuse has just recently been brought to the fore as being a real problem. In South Dakota, there are not that many hospitals, but they are tied very closely to the local population, and we know when anything happens. These are very tragic things, and in our State, they have always been more than willing to put enough money into those areas where there is a known problem that you can really perceive, and they will fund it, and they will pick it up. They will deal with it.

Senator **Denton**. With regard to the CAP and thinking about some kind of alternative to it for the low-income energy money, are you contemplating the possibility of hiring some of those same people?

Senator **Dunn**. Do you mean that were in the CAP program?

Senator **Denton**. Right.

Senator **Dunn**. I would say yes, because they are already knowledgeable, and they have already been on the ground, and you pick those folks up because they know what the problems are.

Senator **Denton**. Well, thank you very much, Senator Dunn, and thank you, Mr. Riemer. We appreciate your testimony very much.

We will have a panel of two witnesses now, representing county and city governments. Ms. Lynn Cutler is the county supervisor of Black Hawk County, Iowa, and represents the National Association of Counties. Mr. Robert Knight is city commissioner for Wichita, Kansas, and I understand was, until recently, the mayor of Wichita. Mr. Knight is representing the U.S. Conference of Mayors.

I welcome you both. Your testimony is particularly important because we hope to learn more about your views on block grants and especially the delivery of services on the local level.

I would request, since we have your full statements, that you try to condense them into a 5-minute oral statement. Ms. Cutler, I would be pleased to receive your statement first, and then Mr. Knight.

STATEMENT OF LYNN G. CUTLER, COUNTY SUPERVISOR OF BLACK HAWK COUNTY, IOWA, REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES, ACCOMPANIED BY RON GIBBS, AND ROBERT G. KNIGHT, CITY COMMISSIONER, WICHITA, KANS., REPRESENTING THE U.S. CONFERENCE OF MAYORS, ACCOMPANIED BY LAURA WAXMAN, ASSISTANT EXECUTIVE DIRECTOR OF THE U.S. CONFERENCE OF MAYORS, A PANEL

Ms. **Cutler**. Thank you very much, Mr. Chairman. I am delighted to be here this morning.

It is, I think, particularly relevant that I come to you fresh from a meeting of the U.S. Advisory Commission on Intergovernmental Relations, of which I am currently the Vice Chairman. We have just finished a major discussion on the whole issue, with Secretary

Watts, our new Chairman, presiding, and Rich Williamson from the White House, who is, as you know, Assistant to the President for Intergovernmental Relations. So this is all very timely this morning, and much of what we have been discussing flows very well into this.

I will be happy to consolidate my comments. As you so well pointed out, you have the entire statement.

The National Association of Counties can support consolidation of several categorical grants into block grants, and in fact, most counties will welcome the greater flexibility and the opportunity to design programs to fit local needs. In addition, the National Association of Counties is on record supporting efforts to balance the Federal budget and has pledged to support spending reductions that do not shift costs to local governments.

At this point, I think I will just paraphrase.

It is the feeling of the Association of Counties—and the position evolved first out of our steering committee on human services, meeting in March at our legislative conference—that our concern in this whole piece, Senator, is that local governments are somehow so much at the bottom of the totem pole. We are very concerned about costs being passed along to us, because we are the court of last resort. We have no other place to go as the shifts are made. And most States today are severely constrained, and it is going to be very difficult for them to want, very willingly, to pass along to local governments some of what is a reduced allocation to them.

For example, in the area of title XX, which is an area that I know a great deal about—I chaired our State title XX advisory committee for 3 years as a county supervisor—and we really had to fight to get into a meaningful dialog with our State about how that was going to be allocated. And currently, 25 percent of the title XX funds do come back to us at the local level for local purchase contracts, and then is matched by local tax dollars.

Our position as an association is that title XX already is a block grant and has been in force for 10 years as such, and is about as lean and as trim and, if you will, almost austere, as it is going to get, and to make further cuts in that program is going to create tremendous hardships.

In our State, title XX is used to provide services like homemaker services. And I think that you know very well the kinds of preventive services that homemakers provide. For example, if you have an elderly or disabled person, you can, for $80, $85, even $90 a month in many places, keep that person in their own home by having a homemaker come in. The failure to be able to provide that homemaker could well result in that person having to go into institutionalized care, at costs that will range from $500 to $700, perhaps even more—all of it coming out of the tax pie. It is not that we are talking about savings here. It is just a question of who is paying for what.

I would like to stress further our particular concern about the child protective services piece of all this. We feel very strongly, because of our commitment to the needs of children, foster care, prevention of abuse, treatment of abuse, that it is absolutely critical that this piece be left by itself and not folded in. We are concerned about the willingness of many States to take a piece of a greatly diminished share of funds and allocate it to this subject. That has not been the history. After a long time of negotiation with the Congress, we did get legislation passed last year, and our position is that we really want to see that funded, left separate. If not, then we do not even want the mandates to have to treat these things. That is a harsh statement for us to come to, it was a difficult decision for us to come to. For me personally, it is probably the most difficult.

I cannot think of anything, and I am sure you will agree with me, Mr. Chairman, that tears more at the fabric of American society than the specter of children who are battered and abused by parents who often simply do not know anymore about parenting than that. And in our State, we have had a program. We have a mandatory reporting law. We were one of the first States in the country to have any reporting law. I helped write it in the mid-Sixties when I was a member of the Iowa Commission on Children and Youth. And all we have been able to do really is to document very well the amount of incidents and the validity of those claims. The treatment part of it is minimal, because there have not been enough dollars. My county has supplemented State funds for this purpose. In the State of Iowa, which is only 3 million people, and most of them are elderly—we have the second-largest number of elderly in the country—28,000 children last year were documented as abuse cases. So I think that somewhere as we do this sorting out—of roles, and this was the topic of the discussion of the commission this morning—this decongestion of the Federal system, to which I subscribe personally as a member of ACIR, and to which NACo subscribes, as we do that kind of sorting out, I think we have to say that we do have some national purposes. I hope, at least, that the Congress will do that, and I am sure that you will. And I would hope that one of those national purposes would be to help to keep families together and to strengthen families by leaving in place these programs that protect children and help parents to be better parents and to help keep them all together.

I will stop there, because you have the text before you, and I know that you have questions, Mr. Chairman. I thank you for the opportunity to be here this morning.

[The prepared statement of Mr. Cutler follows:]

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STATEMENT OF

LYNN G. CUTLER, SUPERVISOR
BLACK HAWK COUNTY, IOWA

ON BEHALF OF
THE NATIONAL ASSOCIATION OF COUNTIES

BEFORE THE
SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES
OF THE
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

APRIL 23, 1981
WASHINGTON, DC

STATEMENT BY LYNN G. CUTLER, SUPERVISOR, BLACK HAWK COUNTY, IOWA, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES*, BEFORE THE SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES OF THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

MR CHAIRMAN, SENATORS, I AM LYNN CUTLER, COUNTY SUPERVISOR, BLACK HAWK COUNTY, IOWA. I AM PLEASED TO REPRESENT THE NATIONAL ASSOCIATION OF COUNTIES ON SOCIAL SERVICES ISSUES, BECAUSE A GREAT SHARE OF MY TWENTY YEARS IN PUBLIC LIFE HAS BEEN DEVOTED TO PRECISELY THE KINDS OF CRITICAL ISSUES THAT CONFRONT US AS WE FACE THE CHALLENGES OF BALANCING THE FEDERAL BUDGET WITHOUT UNDERMINING THE FRAGILE NETWORK OF LIFE-SUSTAINING SERVICES THAT MANY OF OUR CITIZENS RELY ON.

I WOULD LIKE TO PREFACE MY REMARKS BY SAYING THAT NACo CAN SUPPORT CONSOLIDATION OF SEVERAL CATEGORICAL GRANTS INTO BLOCK GRANTS, AND IN FACT MOST COUNTIES WILL WELCOME THE GREATER FLEXIBILITY AND THE OPPORTUNITY TO DESIGN PROGRAMS TO FIT LOCAL NEEDS. IN ADDITION, THE NATIONAL ASSOCIATION OF COUNTIES SUPPORTS EFFORTS TO BALANCE THE FEDERAL BUDGET AND HAS PLEDGED TO SUPPORT SPENDING REDUCTIONS THAT DO NOT SHIFT COSTS TO LOCAL GOVERNMENTS.

COUNTY GOVERNMENTS ACCROSS THE NATION PLAY AN ACTIVE ROLE IN AGING AND HUMAN SERVICES PROGRAMS--IN PROVIDING THE SERVICES, ADMINISTERING PROGRAMS, AND, IN MANY STATES RAISING PROPERTY TAX REVENUES TO PAY THE COSTS. THE FINANCING OF MOST WELFARE AND SOCIAL SERVICES PROGRAMS IS A PARTNERSHIP BETWEEN THE FEDERAL, STATE, AND COUNTY GOVERNMENTS.

FOR MANY COUNTIES, HEALTH AND WELFARE COSTS ACCOUNT FOR MORE THAN 40 PERCENT OF THE TOTAL COUNTY BUDGET, WHICH IS MADE UP ENTIRELY OF PROPERTY TAXES.

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*NACo IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN AMERICA. ITS MEMBERSHIP INCLUDES URBAN, SUBURBAN, AND RURAL COUNTIES JOINED TOGETHER FOR THE COMMON PURPOSE OF STRENGTHENING COUNTY GOVERNMENT TO MEET THE NEEDS OF ALL AMERICANS. BY VIRTUE OF A COUNTY'S MEMBERSHIP, ALL ITS ELECTED AND APPOINTED OFFICIALS BECOME PARTICIPANTS IN AN ORGANIZATION DEDICATED TO THE FOLLOWING GOALS: IMPROVING COUNTY GOVERNMENTS; SERVING AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENT; ACTING AS LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; AND, ACHIEVING PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

SO, COUNTIES HAVE A REAL FINANCIAL STAKE IN THE PROGRAMS AND, THEREFORE, HAVE GOOD REASON TO SUPPORT CHANGES THAT MAKE THEM LESS COSTLY TO OPERATE. AS AN ORGANIZATION, WE HAVE AGREED TO ACCEPT SOME OF THE PRESIDENT'S SPENDING REDUCTION MEASURES, IN CETA, AFDC AND CHILD SUPPORT, FOOD STAMPS, SOCIAL SERVICES, AND HEALTH. MOST OF THE REDUCTIONS WE SUPPORT ARE CONSISTENT WITH WELFARE REFORMS WE HAVE ADVOCATED FOR YEARS, WHICH WILL CONTRIBUTE TO BETTER MANAGED PROGRAMS, AND THEREBY TO REDUCED COSTS. IN THE SOCIAL SERVICES AREA, WE FAVOR BLOCK GRANTS THAT LEAVE DECISIONS ABOUT PROGRAMS TO THE LOCAL LEVEL WHERE THE SERVICES ARE DELIVERED.

I WANT TO HIGHLIGHT THE FACT THAT THE NEEDS OF THE PEOPLE CONCERN US AS MUCH AS THE NEED FOR ADMINISTRATIVE ACCOUNTABILITY AND PROPER FUNCTIONING OF PROGRAMS. WE ARE CONCERNED THAT THE 25 PERCENT SPENDING REDUCTION PROPOSED FOR SOCIAL SERVICES IS SO SEVERE AS TO RESULT IN DENYING CRITICAL, LIFE SUSTAINING SERVICES TO PEOPLE.

AS COUNTY OFFICIALS, WE TRULY REPRESENT THE GOVERNMENT OF LAST RESORT, THE CUTTING EDGE AGAINST WHICH THE NATION'S NEEDIEST PEOPLE MEASURE THE WILLINGNESS AND CAPACITY OF THEIR AMERICAN GOVERNMENT TO PREVENT HUNGER, ENSURE ADEQUATE SHELTER AND HEALTH CARE, PROVIDE JOBS, AND PROTECT THE HELPLESS CHILDREN AND ELDERLY IN OUR MIDST. FOR THESE BASIC LIFE-SUSTAINING SERVICES WE ARE HELD ACCOUNTABLE, AS ARE THE STATE AND FEDERAL GOVERNMENTS.

WITHIN THIS CONTEXT, WE MUST CONCERN OURSELVES WITH THE CUMULATIVE EFFECTS OF CUTS PROPOSED BY THE REAGAN ADMINISTRATION, ESPECIALLY IN THE AREA OF HUMAN RESOURCES.

WITH RESPECT TO THE PROPOSED SOCIAL SERVICES BLOCK GRANT, SOME GENERAL POLICIES WERE ADOPTED BY THE COUNTY OFFICALS AT OUR ANNUAL LEGISLATIVE CONFERENCE LAST MONTH WHICH WILL GUIDE OUR RESPONSE:

FIRST, A BLOCK GRANT TO CONSOLIDATE PROGRAMS MUST BE ACCOMPANIED BY AN ABSOLUTE REDUCTION IN FEDERAL MANDATES AND REGULATIONS. AND THERE MUST BE A REASONABLE TRANSITION PERIOD TO ALLOW STATES AND COUNTIES TO MAKE THE NECESSARY LEGAL ADJUSTMENTS AND TO CONSOLIDATE PROGRAMS, SERVICES, AND FUNDING BEFORE FUNDING IS REDUCED.

SECOND, A BLOCK GRANT OR OTHER SPENDING REDUCTION CANNOT SERVE MERELY TO SHIFT COSTS FROM THE FEDERAL TREASURY TO STATE AND LOCAL TAXPAYERS. NACo WILL VIGOROUSLY OPPOSE ANY SUCH SHIFTING.

THIRD, THERE MUST BE A PROVISION TO ASSURE PASS-THROUGH OF FUNDS TO COUNTIES THAT OPERATE THE PROGRAMS, IN ORDER TO PRESERVE THE SAFETY NET OF LIFE-SUSTAINING SERVICES THAT COUNTIES MUST OPERATE.

FINALLY, THERE SHOULD BE NO "EAR MARKING" OR MANDATING OF SPECIFIC SERVICES OR PROGRAMS WITHIN THE BLOCK GRANT.

IN ADDITION TO THESE CRITERIA, WE ARE CONCERNED ABOUT THE RATIONALE OR BASIS FOR THE ADMINISTRATION'S ASSUMPTION THAT PROPOSED BLOCK GRANTS WOULD REDUCE COSTS BY 25 PERCENT. IF THAT FIGURE IS NOT REALISTIC--AND WE HAVE NO REASON TO THINK IT IS--THEN I AM FORCED TO CONCLUDE THAT THE EFFECT WOULD BE TO SHIFT COSTS FOR ESSENTIAL SOCIAL SERVICES TO COUNTY GOVERNMENTS, WHICH PRESIDENT REAGAN PLEDGED NOT TO DO. MANY CRITICAL SERVICES THAT WOULD BE AFFECTED ARE ALREADY "BARE BONES" PROGRAMS AT THE COUNTY LEVEL, WHERE SEVERE FUNDING REDUCTIONS CAN ONLY HURT VULNERABLE PEOPLE WHOSE "SAFETY NET" WILL BE STRETCHED TOO THIN TO PROTECT THEM. PRESERVING THIS SAFETY NET OF SERVICES IN THE FACE OF INFLATION SHOULD REMAIN A RESPONSIBILITY SHARED BY THE FEDERAL GOVERNEMNT.

WITH RESPECT TO TITLE XX, THE PROPOSED 25 PERCENT REDUCTION IS PARTICULARLY UNTENABLE. TITLE XX PROGRAMS WERE BLOCK GRANTED TEN YEARS AGO, AND DUE TO THE ERODING EFFECTS OF INFLATION, WE ARE NOW TRYING TO PROVIDE THE SAME SERVICES TO MORE PEOPLE WITH DIMINISHED DOLLARS. IN MOST COUNTIES, THE SERVICES ARE ALREADY REDUCED TO THOSE OF THE MOST ESSENTIAL NATURE, SUCH AS SERVICES FOR PEOPLE WHO DEPEND ON A CARETAKER TO HELP KEEP THEM FROM LIVING IN AN INSTITUTION, AND PEOPLE WHO ABUSE THEIR CHILDREN AND WANT HELP TO BECOME ADEQUATE PARENTS, AND THE CHILDREN WHO ARE THE VICTIMS.

FOR THOSE CHILDREN, WE LOOKED FORWARD TO NEW FEDERAL SUPPORT AUTHORIZED UNDER HR 3434 LAST YEAR TO AUGMENT THE THIN LAYER OF SERVICES WE PROVIDE UNDER TITLE XX. YET, NACo HAS TAKEN THE POSITION THAT IF EITHER TITLE XX OR THE NEW PL 92-272 IS NOT FULLY FUNDED, WE MUST OPPOSE ANY MANDATE TO IMPLEMENT TO THOSE CHILD WELFARE, FOSTER CARE, AND ADOPTION REFORMS WHICH WE STRONGLY SUPPORTED IN THE INTERESTS OF THE NATION'S CHILDREN. WE WOULD SIMPLY NOT BE ABLE TO PUT THOSE INTO PLACE AT THE COUNTY LEVEL WITHOUT FUNDING.

WE PROPOSE THAT A SEPARATE BLOCK GRANT OF TITLE XX AND TITLES IV-B AND IV-E AND CHILD ABUSE BE SET ASIDE WITH NO REDUCTION OF FUNDING. THIS WOULD RECOGNIZE THAT TITLE XX ALREADY IS A BLOCK GRANT AND AS SUCH HAS ACHIEVED ANY SAVINGS THAT CAN BE BROUGHT ABOUT BY CONSOLIDATION AND ADMINISTRATIVE SIMPLICITY. IT WOULD RECOGNIZE THAT CONGRESS FOUND THE NATION LACKING IN REGARD TO FOSTER CARE AND SAW FIT TO APPROPRIATE NEW FUNDS SPECIFICALLY TO RECTIFY THE PROBLEMS UNCOVERED. AND IT WOULD BE CONSISTENT WITH THE ADMINISTRATION'S DESIRE TO PRESERVE A SAFETY NET FOR NEEDY PEOPLE AND ITS PLEDGE NOT TO SHIFT COSTS FOR ESSENTIAL SERVICES TO LOCAL GOVERNMENTS.

WE SUPPORT THE CONSOLIDATION OF THE COMMUNITY SERVICES ADMINISTRATION PROGRAM INTO THE SOCIAL SERVICES BLOCK GRANT. ALTHOUGH WE FAVOR ELMINATION OF THE FEDERAL STRUCTURE, WE FAVOR INTEGRATION OF CSA FUNCTIONS INTO THE SCOPE OF THE PROPOSED BLOCK GRANTS, SO THAT COMMUNITY ACTION GROUPS WOULD BE ELIGIBLE FOR FUNDING.

MR. CHAIRMAN, A FURTHER COMMENT ABOUT THE NATURE OF BLOCK GRANTS: AS WE HAVE SEEN SO GRAPHICALLY OVER THE YEARS WITH TITLE XX SERVICES,

THERE IS A TENDENCY FOR THE FINANCING OF THE PROGRAMS TO SHRINK AS CONGRESS LOSES SIGHT OF EXACTLY WHAT THE SERVICES ARE ACCOMPLISHING, AND FOR CONGRESS TO VIEW THE PROGRAMS AS LESS IMPORTANT OR PERHAPS LESS EFFECTIVE THAN THE CATEGORICAL SERVICES AND PROGRAMS THEY REPLACED. WE SUGGEST THAT CONGRESS NEEDS TO DEVISE A MEANS OF KEEPING OVERSIGHTS ON THE EFFECTIVENESS OF THE PROGRAMS, SO THAT ALL LEVELS OF GOVERNMENT CAN BE ASSURED THAT THE PUBLIC'S MONEY IS INDEED GOING FOR ITS INTENDED PURPOSES, AND THAT MEETING THE LIFE SUSTAINING NEEDS OF ITS CITIZENS WILL REMAIN A WILLING, REWARDING COMMITMENT FOR GOVERNMENT.

IN CLOSING, MR. CHAIRMAN, WE UNDERSTAND AND SUPPORT THE FACT THAT SOCIAL SERVICES PROGRAMS MUST BE MADE LESS COSTLY WHERE POSSIBLE. HOWEVER, WE OPPOSE HASTY PROGRAM REDUCTIONS THAT WILL UNDULY BURDEN THE POOR AND THE ELDERLY IN THIS COUNTRY. WE SUPPORT CHANGES THAT WILL BRING ABOUT ADMINISTRATIVE EFFICIENCY AND OPPOSE MODIFICATIONS THAT WILL SHIFT A DISPROPORTIONATE SHARE OF COSTS TO COUNTY GOVERNMENTS. IT IS CRITICALLY IMPORTANT THAT STATE AND LOCAL GOVERNMENTS BE GIVEN ADEQUATE LEAD TIME TO IMPLEMENT ANY NEW CHANGES IN THE PROGRAM. AS I STATED EARLIER, COUNTY GOVERNMENTS ARE THE GOVERNMENTS OF LAST RESORT AND WILL BE HELD ACCOUNTABLE FOR PROVIDING BASIC LIFE SUSTAINING SERVICES.

THANK YOU FOR THE OPPORTUNITY TO PRESENT OUR VIEWS. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS.

Senator **Denton**. Thank you, Ms. Cutler.

The last point you made about child battering and abuse touches on a revolting thing, uncivilized. I am not sure personally that the best approach for that is to get in there and somehow educate the parent about how to be a better parent. I think it goes deeper than that. I think it goes into the person's attitude toward marriage, toward the responsibilities of parenthood as they see them in their formative years, before they contract the marriage, or before they conceive the child out-of-wedlock. We must continue to address the root of the problem because children are being destroyed that way, and then become poor parents or poor citizens themselves—I am very much in favor of the Federal Government, the State government, the local government, and the motion picture industry and television all getting together to make the environment better for the likelihood that a family will form and stay together. I do not believe the only approach should be treating the victims of child abuse or trying to take a person 25 or 30 or 40 years old and somehow, by the magic of education of how to be a better parent, change that person's character. Once formed, to me, that is one of those things where we are trying to treat the product at the end of the sewer pipe. So, although I believe there is a need, I do not see it as a prime solution to the problem. I see a proportionality of need somewhere else, frankly. It is not a denial of what you have said, but it is a modification in proportionality. I would see it as approaching it from a different angle, with more effect.

But at any rate, I appreciate your comments on the title XX program. This portion of the social services block grant will be considered by the Senate Finance Committee, not by our committee or subcommittee, and I will be happy to pass your testimony on to them.

Ms. **Cutler**. Thank you, Senator.

Senator **Denton**. Would you introduce the gentleman with you, please?

Ms. **Cutler**. I apologize, I should have done that. This is Ron Gibbs, from the National Association of Counties.

Senator **Denton**. Welcome, Mr. Gibbs.

And Mr. Knight, would you introduce the young lady with you?

Mr. **Knight**. Yes, sitting to my left is Laura Waxman, who is assistant executive director of the United States Conference of Mayors.

Senator **Denton**. Thank you.

All right, Mr. Knight, I will ask you to present your opening statement. Ms. Cutler, as we are all prone to do, took considerably longer than 5 minutes. If you can, I would ask you to try to stay within that time-frame.

Mr. **Knight**. I will try, Mr. Chairman. I do not have the facility nor the background that Ms. Cutler has, so I will have to read. I am in a learning mode, just as you expressed, as I was listening earlier.

I am Bob Knight, a city commissioner in Wichita, Kan. From April 1980 to April 1981, several weeks ago, I served as mayor of my city. I am here today to testify on behalf of the U.S. Conference of Mayors and the U.S. Conference of City Human Services Officials on the administration's proposal for a social services block grant.

The Nation's mayors and city human services officials support the concept of block grants for human service programs. We feel that block grants, properly conceived, can enable us to administer human services in an effective and efficient manner because they allow us more flexibility. In recent years, many cities have developed a capacity to plan for and manage human services.

During my tenure as mayor of Wichita, we created a department of human resources. Many other cities have taken similar actions in the last few years to assist them in sorting out the complex human services system which we have in this country. Block grants would not only facilitate our ability to sort out the human services system, but could, quite possibly, simplify the system altogether.

Both the U.S. Conference of Mayors and the U.S. Conference of City Human Services Officials have adopted policy on block grants in human services. That policy calls for block grants which go directly to local governments with a population of 50,000 and above and to the State government for those jurisdictions below 50,000, with fiscal incentives to form partnerships, or consortia, with other local governments, as exists under the Comprehensive Employment and Training Act. Where the funds must go through the State government—and as realists, we recognize that this is likely to continue to happen in some programs—there should be requirements built in to assure city involvement, such as mayoral signoff and the participation of local officials in the planning and resource allocation process.

It seems logical that since people live and services are delivered at the local level, cities are in a good position to try to rationalize the human services delivery system. Cities are the level of government closest to the people served and, therefore, have the best opportunity to be cognizant of both individual and community needs. Cities can best evaluate the combined impact of the wide variety of human services programs.

Cities can best evaluate the combined impact of the wide variety of human services programs. City involvement in programs can also lead to greater accountability. When a service is not provided responsively or responsibly, voters can and do take action. Finally, as I stated above, many cities have developed a capacity to administer human services. They have a delivery system in place and should therefore have the option of receiving block grants directly from the Federal Government.

This brings us to the social services block grant proposed by the President. While we support the concept of block grants, we have serious reservations about the President's proposal, primarily because it would provide the funds directly to the States with no required involvement of or passthrough to local governments. We urge you to consider direct funding to city governments. We have several other areas of concern, however, which we would also like to mention. The include: adequate funding, maintenance of effort, administrative costs, targetting, and a logical grouping of programs.

The administration proposes to group together a number of programs in the social services block grant which are administered by different kinds of agencies, aimed at different populations, and which serve different national purposes. The subcommittee may want to give consideration to separate programs for community action, which could also include low-income energy assistance, for rehabilitation and developmental disabilities services, and for children's services, which could include child welfare services, foster care, adoption assistance, and child abuse prevention. These are just possible groupings. We urge you to give attention to them or to other proposals which would assure that certain national purposes are served and that the needs of particular populations, such as children, people with disabilities, and the poor, are met.

Let me spend a few minutes explaining our involvement in the delivery of services to the poor in Wichita, Kansas. When the City Commission tried to review the services that are provided for the poor and deserving in our community, we were not satisfied with what we found. We know that millions of dollars are spent every year, but it was not easy to identify precisely what was being done or to evaluate effectiveness. The system is a complex one with overlap and duplication in some areas and inactivity in other areas. We set out to do something about this problem. Our solution is in its infant stages, but we believe that it can accomplish the task.

First we brought together programs that serve the poor into one comprehensive delivery system—a new Department of Human Resources. These services are funded by different Federal agencies, CETA by the Department of Labor, the Community Action Agency by CSA and citizen participation and community development block grants by Housing and Urban Development, but all are an integral part of a unified program that would attempt to deal with the problem of poverty. This department is charged with establishing a data bank of information about the services available in our community. The central thrust and major goal of the new department is to initiate for each client, or when possible, each family, a contractual program of services designed to break the cycle of poverty. The success of our program will be measured not in numbers being served, but in numbers of families who no longer need help.

Years of Federal and State involvement in welfare and poverty programs have not accomplished this most basic goal for the poor. We believe that an underlying flaw has been that the programs have not been controlled by the level of government closest to the people who need the services. While we in city hall have managed the use of Federal dollars in Wichita, our hands have been tied by burdensome regulations and interpretations by nonelected administrators who have dictated to us how the dollars must be spent. Therefore, we applaud the changes proposed by President Reagan which will reduce that direction from Washington, but we implore you not to initiate legislation that will exchange one outside bureaucracy for another.

Local governments do not have the funds to implement the programs without Federal assistance. Our basic source of revenue, the property tax, does not expand commensurate with inflation. Until the imbalance between dollars available to the Federal Government and to the local governments is worked out, we must ask for assistance.

We are convinced that with the cuts, traditional maintenance programs generally managed by State departments of welfare will have to endure; programs like ours would have a low priority if State governments received the block grants. Large cities which have the concentration of people that often result in a multiplication of the problems associated with poverty have not fared well in State legislatures. The rural bias and the desire to spread benefits to each representative's district results in policy that does not direct dollars to the truly needy.

As a member of an elected governing board charged with the responsibility of writing a balanced budget, I understand full well that all must learn to do with less and must look constantly at the whole picture of the delivery of all services versus the tax burden that many friends and neighbors will tolerate. Local governing bodies cannot afford the luxury of a perfect answer for every problem. Instead, everything we do must be measured in cost benefit terms. Therefore, I am convinced that the best way to accomplish the goal of breaking the cycle of poverty with fewer dollars is to decentralize—truly decentralize—by giving directly to the cities who ask for the responsibility, the dollars to do the job.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Knight follows:]

UNITED STATES CONFERENCE OF MAYORS
1620 EYE STREET, NORTHWEST
WASHINGTON, D.C. 20006

TESTIMONY BEFORE THE

SUBCOMMITTEE ON AGING, FAMILY AND
HUMAN SERVICES

SENATE LABOR AND HUMAN RESOURCES COMMITTEE

BY

ROBERT G. KNIGHT
CITY COMMISSIONER
WICHITA, KANSAS

ON BEHALF OF

THE UNITED STATES CONFERENCE OF MAYORS
THE UNITED STATES CONFERENCE OF CITY HUMAN SERVICES OFFICIALS

ON

SOCIAL SERVICES BLOCK GRANTS

APRIL 23, 1981

Mr. Chairman and Members of the Subcommittee. I am Robert G. Knight, a City Commissioner in Wichita, Kansas. From April, 1980 to April, 1981, I served as Mayor of my City. I am here today to testify on behalf of the U.S. Conference of Mayors and the U.S. Conference of City Human Services Officials on the Administration's proposal for a social services block grant.

The nation's Mayors and City Human Services Officials support the concept of block grants for human service programs. We feel that block grants, properly conceived, can enable us to administer human services in an effective and efficient manner because they allow us more flexibility. In recent years, many cities have developed a capacity to plan for and manage human services.

During my tenure as Mayor of Wichita, we created a department of human resources. Many other cities have taken similar actions in the last few years to assist them in sorting out the complex human services system which we have in this country. Block grants would not only facilitate our ability to sort out the human services system, but could, quite possibly, simplify the system altogether.

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It seems logical that since people live and services are delivered at the local level, cities are in a good position to try to rationalize the human services delivery system. Cities are the level of government closest to the people served and, therefore, have the best opportunity to be cognizant of both individual and community needs. Cities can best evaluate the combined impact of the wide variety of human services programs. City involvement in programs can also lead to greater accountability. When a service is not provided responsively or responsibly, voters can and do take action. Finally, as I stated above, many cities have developed a capacity to administer human services. They have a delivery system in place, and should, therefore, have the option of receiving block grants directly from the Federal government.

This brings us to the social services block grant proposed by the President. While we support the concept of block grants, we have serious reservations about the President's proposal, primarily because it would provide the funds directly to the states with no required involvement of or pass-through to local governments. We urge you to consider direct funding to city governments. We have several other areas of concern, however, which we would also like to mention. They include:

- Adequate Funding. A level of funding that provides 75 percent of FY81 current services is not sufficient. When inflation is added in, this amounts to a cut of at least 35 percent below current levels. While some administrative savings will be realized by eliminating all of the categorical program requirements, they will not be sufficient to defray the funding reductions. Even Health and Human Services Secretary Richard Schweicker has admitted that there will be a substantial cut-back in the services delivered.
- Maintenance of Effort. No requirements are proposed to assure that the states continue to contribute the same amount of non-federal share to the program that they were required to provide before. Should the non-federal share be cut on top of the 25 percent Federal cut-back, we could see as much as a 50 percent decrease in service dollars available.

- Administrative Costs. No ceiling is placed on the amount, or percentage, of administrative costs that may be incurred by the states in administering the block grants. One concern that many people have voiced regarding this and the other block grant proposals is that the states will have to create new bureaucracies to administer the program. A cap on administrative costs would help to minimize the growth of such bureaucracies and assure that the maximum amount of funds goes to delivering services to people in need.
- Targetting. No requirements are included which would allocate funds among the states on the basis of need or ensure that people served by the program are needy.
- A Logical Grouping of Programs. The Administration proposes to group together a number of programs in the social services block grant which are administered by different kinds of agencies, aimed at different populations, and which serve different national purposes. The subcommittee may want to give consideration to separate programs for community action, which could also include low-income energy assistance, for rehabilitation and developmental disabilities services, and for children's

services, which could include child welfare services, foster care, adoption assistance, and child abuse prevention. These are just possible groupings. We urge you to give attention to them or to other proposals which would assure that certain national purposes are served and that the needs of particular populations, such as children, people with disabilities, and the poor are met. The social services block grant proposes the repeal of many years of social legislation. There must be a way to ease the administrative burden through the consolidation of similar programs and simplification of administrative requirements without losing national recognition of and response to particular problems or needs.

Let me spend a few minutes explaining our involvement in the delivery of services to the poor in Wichita, Kansas. When the City Commission tried to review the services that are provided for the poor and deserving in our community, we were not satisfied with what we found. We know that millions of dollars are spent every year but it was not easy to identify precisely what was being done or to evaluate effectiveness. The system is a complex one with overlap and duplication in some areas and inactivity in other areas.

We set out to do something about this problem. Our solution is in its infant stages, but we believe that it can accomplish the task.

First we brought together programs that serve the poor into one comprehensive delivery system - a new Department of Human Resources. These services are funded by different federal agencies, CETA by the Department of Labor, the Community Action Agency by CSA and Citizen Participation and Community Development Block Grants by Housing and Urban Development, but all are an integral part of a unified program that would attempt to deal with the problem of poverty. This Department is charged with establishing a data bank of information about the services available in our community. The central thrust and major goal of the new department is to initiate for each client, or when possible, each family, a contractual program of services designed to break the cycle of poverty. The success of our program will be measured not in numbers being served, but in numbers of families who no longer need help.

Years of federal and state involvement in welfare and poverty programs have not accomplished this most basic goal for the poor. We believe that an underlying flaw has been that the programs have not been controlled by the level of government closest to the people who need the services. While we in City Hall have managed the use of federal dollars in Wichita, our hands have been tied by burdensome regulations and interpretations by non-elected administrators who have dictated to us how the dollars must be spent.

Therefore, we applaud the changes proposed by President Reagan which will reduce that direction from Washington, but we implore you not to initiate legislation that will exchange one outside bureaucracy for another.

A second component in our program to address the complexities in the delivery of services to the poor has been to initiate discussions with our federal regional council in Kansas City to establish a pilot Negotiated Investment Strategy Program for social services. The whole process of receiving funds from three different federal agencies could be simplified by negotiating one contract and preparing only one set of forms. Local governments have the incentive to provide help. As local elected officials, we must meet face-to-face with the people we are trying to serve every day in our communities. We are not dealing with sophisticated special interest group representatives. Instead we are facing the truly needy who need your help and ours to break the cycle of poverty. Many local governments have the professional staff to address the problem. Examples of successful cost-effective programs exist throughout the United States.

Local governments do not have the funds to implement the programs without federal assistance. Our basic source of revenue, the property tax, does not expand commensurate with inflation. Until the inbalance between dollars available to the federal government and to the local governments is worked out, we must ask for assistance.

We are convinced that with the cuts, traditional maintenance programs generally managed by State Departments of Welfare will have to endure; programs like ours would have a low priority if state governments received the block grants. Large cities which have the concentration of people that often result in a multiplication of the problems associated with poverty have not fared well in State Legislatures. The rural bias and the desire to spread benefits to each representative's district results in policy that does not direct dollars to the truly needy.

As a member of an elected governing board charged with the responsibility of writing a balanced budget, I understand full well that all must learn to do with less and must look constantly at the whole picture of the delivery of all services versus the tax burden that many friends and neighbors will tolerate. Local governing bodies cannot afford the luxury of a perfect answer for every problem. Instead, everything we do must be measured in cost benefit terms. Therefore, I am convinced that the best way to accomplish the goal of breaking the cycle of poverty with fewer dollars is to decentralize - truly decentralize - by giving directly to the cities who ask for the responsibility, the dollars to do the job.

Senator **Denton**. Thank you, Mr. Knight.

Evidently, from the testimony of Ms. Cutler and from you and from my own experience when I go back to my State and listen to the Governor when he talks about educational funds and where they should be received and what should be decided, about how it should be distributed, and what the Superintendent of Schools says at the State level, and then the Superintendent of Schools at the county level or whatever, and the principals of the various schools—listening to you and Ms. Cutler, I can see that between the cities and the counties and the Governors, there is going to be a real free-for-all going on out there for a while. And we are going to give you some suggestions in our legislation, based on the experience doing it the other way, in which your very well-taken suggestions are well in the forefront of our minds, and we are going to give you a transition time in which to fight it out, before you have to start passing it out. Again, I hope that there is no interrruption in services.

I imagine that year by year or month by month, you are going to be adjusting this, not only in the political sense, but in the sense of justice and compassion, as the citizenry will require, so that it will ultimately be closer in touch with people's needs. I think both you and at the Governors' level all agree with that.

Ms. **Cutler**. Mr. Chairman, coming, as I said, fresh from a discussion just a short time ago, at the commission our concern about the slippage in time, when you have funds coming through—should all of this go through as proposed—funds coming through, the 25 percent reduction, let us say, in the human services area, and the amount of time that is perceived by people who have been around this town for a long time, even given the dedication and commitment of the current administration to fix it, the amount of time it is going to take to really change rules and regulations, particularly those that are embodied in current law. We are terribly concerned about this slippage, saying that, for example, all of this is something we are looking at by the end of this calendar year, but that the concommitant tradeoff which is supposed to be there—and there is a great disagreement, as you well know, between the administration and the Governors about the percentage of tradeoff that the cut in paperwork and regulation will really come to——

Senator **Denton**. It is not the cut in paperwork and regulation that is the principal source of savings. I think it is going to be elimination of a level of bureaucracy and to pay for the personnel. And I do not mean that there is anything wrong with any bureaucrat up here at the Federal level. They are just as compassionate, but perhaps not as well-informed at the local scene, and therefore not that well-qualified to see how it should be distributed. But at any rate, there will be a tremendous savings there. There is no disagreement among the Governors on that.

Ms. **Cutler**. I understand, but I think that there is a dialog at least underway in terms of the cut in dollars at the State level, in which the Governors are saying, "We will save 10 to 15 percent if the rules and regulations are eased and the paperwork is eased," and the Federal proposal is saying you will save 20 to 25 percent. In other words, they are saying it is going to be an even tradeoff, and the Governors are not agreeing to that.

But back to the point about the slippage, there is in very few States a mechanism that provides for ongoing State and local dialog, as my colleague illustrated. There are maybe three or four States where there are strong State and local relationships that have a history behind them. And I think that we are very worried about the intergovernmental play.

Another dimension—and perhaps the previous witness from the State legislature referred to it—is going to come, the tremendous tension between the executive branch and the legislative branches when they begin to decide who is going to allocate the Federal dollar when it comes in to the State. And I would just submit to you, Mr. Chairman, as well as to anyone else who is looking at this, that a significant transition period is going to be required, because our fear at the local level is that while all of those fights are going on, we are going to be completely out of the picture without some mandate from all of you as to our involvement and role.

Senator DENTON. What would you define as a transition period that would be sufficient? It would seem that even if it is roughly done, starting more at the State level and then working itself out over the months and years in the ascerbic dialogs which will go on, necessarily effecting the changes required by this new approach, when in the past you had the Federal Government deciding it all, how it was going to go—I understand that—and then you guys have got to decide it. I do not think that is going to work out. But what would you suggest as a significant transition period here?

Ms. CUTLER. Well, in the title XX legislation—which I understand is not directly under your purview, but is certainly part of the social services block grant proposal—that is a decision that is being made at the State level currently. As I say, it is a block grant, it is something that, in my State, it took a year and a half of hard wrangling to get to the point where we had that kind of dialog, and considerable pressure by counties. And the only reason we even got into the picture was because we had to put up 25 percent of the match on many of the services in order to have them delivered at the local level.

But again—and I can only speak first-hand about this—my State has done nothing to be ready; according to someone who went down and visited with the person in the Governor's office about it just last week, they are not ready to have this come in, to set the priorities. The planning mechanism is not there, they have not decided on the delivery system. There is not even a dialog under way. I think, in all fairness—I know there is a dialog under way in the State Department of Social Services, but that is only one piece, and much of what is in here resides in some other departments, as rehabilitation services are in the State Department of Education.

So perhaps some sort of a plan from the States, in the interest of accountability, because that is the other piece missing, Mr. Chairman, in all due respect. And, I frankly am surprised, from a conservative administration, there is no requirement for accountability.

Senator DENTON. Well, you heard the Administration say that they are looking toward provision of that accountability. We do have agencies within the State, and I am sure, especially as Mr. Knight pointed out, in large cities which, in many cases, I have consulted with, and they say that they can take this function on without a total transfer, or even a major fraction of transfer of costs, which would be entailed were you to take the entire Federal cost right now. I have heard estimates as high as 80 percent of that which is funded for something is lost in the pipeline before it gets to the individual, and I have heard unanimous expression from mayors and Governors that this is going to be reduced to a much smaller fraction. So I believe that, as I say, the general thrust is correct. I do acknowledge that there are going to be growing pains for this situation. I believe even the beginning is going to be better than what we have now, and the beginning is going to transition into something much better. But that is only a belief.

I will address these questions to both of you, and of course, you can have your assistants chip in.

If block grant legislation were enacted in time to take effect October 1, do you think the States could effectively implement the program quickly? I think you have already discussed that.

Do you think funding delays could result? You have discussed that.

Would a delay in funding be critical to any programs you are currently operating? You have identified some of those.

Would it be particularly critical for Community Action Agencies which are dependent upon the Federal Government for both administrative and programing funds? Now, there, again, I think an initial option which looks feasible in some cases is going to be to either consult or even hire parts of the CAA's as they exist out there. Some of the existing Federal people down there would have the expertise and experience to be incorporated within the State system, and in many cases, I imagine, would be personally amenable to that.

Yes, Mr Knight?

Mr. KNIGHT. Mr. Chairman, I would like to focus on one thing very briefly, and it is really central to my whole philosophy. That is the fact that I do not know what similar circumstances may be apparent in your State or other States, but I suspect that there are some similarities.

In the State of Kansas, Wichita is the major metropolitan area. We are almost unique with respect to social burdens and responsibilities. At the State level, when this money is allocated, and when this whole question is debated, it is very difficult—and I am not attacking anyone's intentions at all, because I know they are innocent intentions—but it is very difficult for a legislator from a small town to really understand and appreciate what we are trying to do and what our burden is.

I was elected as a conservative. I am a businessman. But I do not find that incompatible with caring about my fellow citizens and about my brothers and my sisters. But I do want to do it in the most efficient way that I can. And I am here to submit to you, Mr. Chairman, that those communities that seek that responsibility—and there will probably be some that will not, because it is not going to be an easy task, and I think it has been very convenient for legislators like myself around this Nation at the local level to attribute the blame for everything that goes wrong to either the

State or the Federal Government. Well, that will no longer be possible if they accept this responsibility.

I sit before you this morning humbly seeking that responsibility because I think that the resources and the stewardship that is called upon by elected officials can be better served if it is done by that government closest to the people. And I wanted to try and make that point, because I believe deeply in it, and I think there are a lot of mayors and commissioners around the country who hold that view, and I want to speak for them—there are some, quite frankly, who probably do not, but that is my own particular point of view.

Senator DENTON. I think that is a predominant opinion and does lend some credence to the anticipated validity of the way this works out.

According to the administration, States would be free to decide what types of services should be provided and what categories of beneficiaries would be served. Do you favor this approach, or do you think some form of earmarking for certain services or population groups is necessary?

Mr. KNIGHT. Well, in my testimony, if I understand your question correctly, I submitted that those cities over 50,000 in population——

Senator DENTON. Yes; and I thought that was very specific and useful. And you say the Council of Mayors has agreed on this?

Mr. KNIGHT. It is my understanding that they have. And obviously, that is an arbitrary figure, but generally, they would have the resources. We are a city of 280,000 people, and as I have tried to identify, we do have the ability to do it.

Senator DENTON. Well, we find that as a useful input, and we will consider it in the way we write the legislation.

One of the goals of the administration's proposal is to eliminate any unnecessary or burdensome Federal requirements. Would you describe the Federal programs and requirements you consider excessive and burdensome, and could you estimate any savings that might result if those requirements were eliminated?

Mr. KNIGHT. Yes, sir, I can try to identify a few. I may not have the correct nomenclature to give you. But we face considerations weekly at the local level about trying to care for our poor and our needy—and I am talking about truly poor and truly needy. That is where my concern lies. Because of a particular artificial boundary such as a street, because of a particular age group, because of all types of arbitrary boundaries, we are unable to provide that function. And again, if you are making the requirements from here, that is the best that can be expected. But it certainly does not lend itself to the flexibility that is available at the local level. Again, I humbly submit that I have a better understanding of my community than someone in Kansas City at the regional level or someone in Washington, regardless of their intent, and we can modify and shape things based on true need.

Senator DENTON. Did you want to comment, Ms. Cutler?

Ms. CUTLER. Yes; one example that pops into my mind has to do with a program that was a block grant initially and came more and more under restrictive control, and that was the CETA program.

We now have some crazy requirement that we have to store paper for 3 years on certain, specific kinds of cases, and that sort of spoils the intent of the program, and I strongly support the CETA legislation, I strongly support jobs for people. I think it is far better to have them as taxpayers than taxeaters.

I think, in addition, we would feel very strongly about seeing some sort of consistent eligibility criteria between foodstamps, ADC, low-income energy assistance programs. It just gets into a crazy kind of a catch-22, and the person who suffers most from that, aside from the person at the local level trying to serve those people, are the recipients themselves, who walk into one program, and they are eligible, and they go to another, and they are not. And often, they trigger off one another, as you well know. The energy assistance program may well depend on whether that person is eligible for foodstamps or not, and that is why some of the proposed changes in the foodstamp legislation have such far-reaching impact on these people, beyond that specific program.

Senator DENTON. I have seen the drafts, in such form as they are now, of the legislation which we must draft by Friday in the first form. And they do, these drafts, cut out interminable and totally useless administrative requirements, some of the things that I am sure each little department or division that required this information had developed with good intent. But when they are all summed up and presented to the people having to fill out these forms, it is a tremendously time-consuming and expense-demanding process. We are trying to cut that down. But the more specific you can be in what we can cut out in terms of regulation will be very useful to us tonight, as these young ladies and gentlemen try to rewrite it by tomorrow.

Ms. CUTLER. Mr. Chairman, may I suggest that they call the advisory commission? We have piles of documents on cross-cutting regulations. We have had task forces examine this issue. We have had practitioners involved in looking at it, and people from all of the constituencies you have heard from this morning have had extensive input into that process, and I think you will find that very useful to you.

Senator DENTON. We shall do that. Are you confident that the consciousness level-raising which took place at this conference which you just attended is going to have some beneficial results in accelerating the preparation for this?

Ms. CUTLER. Well, I would only say that I am sorely disappointed that the work of the commission, which has gone on for 20 years, was largely ignored in the preparation of the proposals that have come before you. There are piles higher than this table, starting from the floor up, and I have testified before your colleagues several times in the last year on Federal grant reform and grant consolidation. The commission has been on record on much of this for a longtime and had proposed consolidations that were a result of study and that we thought made some sense, and I am sorry to say that I personally feel, Mr. Chairman, that much of what is proposed does not make sense, that apples and oranges have been thrown together. That is my personal opinion, not that of the association, of course.

Senator DENTON. Can you give specific examples of agencies or networks that are in place at the local level to deliver the services included in the block grant?

Mr. KNIGHT. Yes, sir, I can. As I mentioned earlier, we in the past year or year and a half have created a Human Resources Department, and the reason, again, is because of the distress of not being able to effectively track those moneys and those resources that are committed to helping the poor. Again, I want to see every penny possible that is committed to helping orphans and widows and those in need going to those people and not being neutralized with administrative costs. And I just submit to you again, Senator, that it is my judgment that we are far more capable of handling that in Wichita, Kansas than the State of Kansas is, because I sit before you with a tremendous amount of stress in thinking that those resources are going to be effectively allocated, when we are really almost indigenous with our particular needs. And I think that is probably true in a lot of states.

Senator DENTON. Ms. Cutler?

Ms. CUTLER. Yes; I absolutely concur with my colleague from Kansas. Local governments are the bottom line, Mr. Chairman. We are the ones who sit and look those people in the eye—the parents of the retarded child, the parents of the child who requires child care, so that they can work, so that they can feed those kids. We are the ones who see those people and have that hands-on approach. And the first answer to your question would be yes, local governments are in place, and most of us have departments of human resources, or in my state, we have county relief offices, general assistance offices, that I think exist in almost every State. In my county, as well, we have had an extremely successful history of an arrangement between private nonprofit agencies and county governments, where we have purchased service, particularly in the field of care for the retarded and the developmentally disabled, and we have, I say with some chauvinism, a showcase kind of a setup in our community, where we have a great deal of faith in a private agency and work with them. There are planners in this area, and we have an ongoing relationship. And much of title XX is done that way, not only in Iowa but in other places and other kinds of services. And I think those partnerships are good and they should be fostered. But I do not want to create a whole new bureaucracy in my county, either. That is the other side of the coin that I think we have to take into account.

Senator DENTON. This is specifically for Commissioner Knight. I understand that your city itself serves as the community action agency for your area; is that correct?

Mr. KNIGHT. Yes, sir.

Senator DENTON. Approximately 10 percent of the CAA's are a component of a local government, which is really news to me. My question is this. Has the fact that your CAA is a component of the local government inhibited its effectiveness at all, and to what extent has the relationship enhanced its effectiveness?

Mr. KNIGHT. No, sir, I do not think it inhibited its effectiveness; just the contrary. I think it has made it more effective. This operation is a part of the human resources organization now. We, I think, have been effective again in trying to depoliticize the method in which funding is directed to the poor. It was a highly charged political organization, in my judgment, when I came into office, and I felt as though there was greater allegiance to an organization than effectively dealing with the needs of the poor. So I sit before you, submitting to you, sir, that it is much more effective now and is, in fact, delivering services more effectively.

Ms. CUTLER. Mr. Chairman, my county also has a public CAP agency, and I would echo that our relationship with our agency is extremely strong, and we rely on them for much, and the State, in fact, delivers much of its programs through the CAP network in Iowa.

Senator DENTON. Well, thank you very much, Ms. Cutler and Mr. Knight, and thank you, Mr. Gibbs and Ms. Waxman. Your testimony is most explicitly applicable to what we are trying to do in our little shop.

Thank you very much.

Mr. KNIGHT. Thank you for your courtesy.

Ms. CUTLER. Thank you, Mr. Chairman.

Senator DENTON. Our next panel consists of two witnesses who will be addressing the role of community action agencies and their future under the administration's proposal.

Mrs. Rosalie Tryon is the director of ADVOCAP, Inc., of Fon du Lac, Wisconsin; and Mr. Robert Coard, about whom I have a few words of introduction, Director of Action for Boston Community Development.

I understand that Mrs. Tryon and Mr. Coard run two programs that are considered to be the cream of the crop among community action agencies.

I have a letter here from Senator Kennedy, an ex officio member of this subcommittee, who regrets being out-of-town and unable to introduce Mr. Coard. But I will read a portion of his letter and submit the entire letter for the record.

He first expresses his regrets and then says, "Over the years, many of the most innovative programs of community action agencies under OEO and then CSA have begun under Bob's direction. The dollars spent on those programs have been returned many times over by private enterprise investment and city and State government replication of these pilot programs."

He commends me for having him testify and assures us that he looks forward to reading his testimony.

[The following was received for the record:]

EDWARD M. KENNEDY
MASSACHUSETTS

United States Senate
WASHINGTON, D.C. 20510

April 23, 1981

Honorable Jeremiah Denton
Chairman
Subcommittee on Aging, Family and Human Services
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I wanted to express my regrets at not being in Washington today in order to introduce before this Committee a longtime friend and a distinguished community leader from the city of Boston, Bob Coard of ABCD.

Over the years, many of the most innovative programs of community action agencies under OEO and then CSA have begun under Bob's direction. The dollars spent on those programs have been returned many times over by private enterprise investment and city and state government replication of these pilot programs.

I commend you for having him testify, and I assure you that I look forward to reading his testimony.

Sincerely,

Ted

Edward M. Kennedy

Senator **Denton**. I appreciate the time you have dedicated to come and testify before us today, and I will ask Mrs. Tryon to proceed, and then Mr. Coard.

STATEMENT OF ROSALIE TRYON, EXECUTIVE DIRECTOR OF ADVOCAP, INC., OF FOND DU LAC, WIS., AND ROBERT M. COARD, DIRECTOR, ACTION FOR BOSTON COMMUNITY DEVELOPMENT, BOSTON, MASS.

Mrs. **Tryon**. Senator Denton, thank you for this opportunity. I am the executive director of ADVOCAP, Incorporated, a smalltown CAP agency, covering Fond Du Lac and Winnebago Counties in Wisconsin. My territory is 100-miles up and down and 100-miles east and west, and a community action program agency is a good way of getting things done out there.

I am here representing my board of directors, and we are not one of those public CAP's. Ninety percent of all CAP's are nonprofit organizations, and we work for large and very involved boards of directors. My board of directors is composed of 36 local people. They represent two counties, four cities, many townships and villages, community organizations, chamber of commerce, labor, League of Women Voters, and lots and lots of poor people. We have a CAP agency that works. We think you and the President and others are going to need CAP agencies like ours in the coming years. We are a pretty cheap solution for getting things done, and community action does work.

My board of directors asked me to send you a number of messages, and my testimony is going to be fairly brief, but it is going to be different than you have heard today.

We work for our local community. We have an excellent, 15-year record of service in the community, and we were able to do things that governments alone could not but they always helped us and we helped government. But it took a combination of little town governments, county governments, and States working in partnership, and it also took the time and energy of important leaders, from the bar association, the vice president of the bank, the leaders of the chamber, and poor people who started to trust local government by working side-by-side with them. You know, it is interesting, if you and somebody else change a tire together on a car, you have a basis for solving bigger problems. That is what community action does—it gets local people working together.

We have high levels of leadership from our business community, from our government. We may be one of the few smalltown CAP's that had two banks lend us $250,000 because they liked the fact that we were putting people to work.

The board includes this high level of leadership and commitment because to our local leaders, it is important that poor people leave poverty rather than become comfortable in it.

Now, I administer that Community Action Agency, and I have for 15 years, but our board directs that program, and that is where the strength comes from. When you get the active participation of people, they can solve problems rather than pretend they do not exist. Community action is simply getting the action of the community applied to building local solutions in your community.

We serve three main functions in our community. First, we generate resources and administer programs that are responsive to problems that we recognize because we are there. And "generate resources" means more than money—though I would like to tell you that the Community Services Administration vital piece of my agency is $227,000 a year, and we administer $4 million. Some of our funding is private, some is State, some is area, some is local. But the Community Services Administration building block is the essential one that lets us catalyze many more people around real solutions. Second, due to the very flexible nature of our private, not-for-profit program, we have been able to come up with some really unusual, nontraditional, innovative programs, and they do work. Let me give you one example.

We were the first place to operate a supported work program. It is a neat idea that says you can do two things at one time. There are people nobody wants, and there is work that nobody wants to do. And if you can put the people nobody wants, doing the work that nobody wants to do, in a good way for them, in a supportive way, in a way that makes them come out winners, you really solve two problems. Our agency is surrounded by mental institutions and penal institutions. So when we started to work on this, we were encouraged to work on youth and long term welfare mothers. And the people in our area said, "Why is everybody avoiding the tough ones?" There is a revolving door in mental health. You get people well, you get them meds, you send them out the door, you pat them on the back, and you say, "Why don't you get a job?" And picture what happens if you go to the job service, and they ask, "What is your background?" and you say, "I was institutionalized for 14 years for schizophrenia." Everybody wants to hire you, right? No. So if you are smart, eventually you throw away your meds and go crazy, because that is the only way you can survive.

So we started to pick up right there. Who did we get together? We got the judge who handled mental commitments; we got the businessmen and human services workers and the people with problems together—we got community leaders together. And out of this, we developed a transitional program that each year, would help half of all the supported workers get permanent private sector jobs. The Government cannot do that, the State cannot do that, and the two county boards agree that they need a flexible vehicle like ours that can get solutions together in a can-do place and do it.

This is now 7 years later. Let me tell you what happened to that good idea. It costs $34,000 a year for a person to be in a mental institution. It costs $28,000 a year for them to be in prison. It costs $6,000 a year for ADVOCAP to have a person working in a supported job for the 6½ months it takes to turn people around, to have them become confident in their work habits and get a job.

Now, I am disheartened by economies that say why not throw away a CAP agency that does this kind of work, because surely some mystical thing will happen that can work. I would love to tell you more about that. The supported work national demonstration is supported by impeccable research.

Some of the findings of supported work show of all the women who graduate from supported work and have previously been on welfare, when followed up 27 month, after they leave the program

20 percent more are still employed than in the control group. They are making substantially more money than other people, and there is very heavy research——

Senator **Denton**. Would you give me that statistic again, please?

Mrs. **Tryon**. OK. This is from the national research study of supported work. Twenty percent more of the women on welfare who participated in supported work were employed 27 months later and were making higher earnings and had reduced their dependence on welfare.

Our CAP program is a part of a national demonstration, and the Manpower Demonstration Research Corporation has a lot of information on how it really is cheaper to help people become good workers, not just better or more humane; it is cheaper. There is substantial information on other hard to employ groups. Our mental health target group—and incidentally, we got everybody to call the people "mental health" and not "mentally ill"—was not in the research design because it was such a small, rural area. But let me tell you, supported workers are not returning to the mental institutions. The job is a good way to stay sane. And losing your job is a good way to go crazy.

Cash welfare payments for the welfare women were reduced by 23 percent. The ex-addict experimental group had an rearrest rate 34 percent lower.

Several of our innovative programs like supportive work (and we have other programs working with private business, and with small, one to four person shops) are there because of our ability to reach into the poverty community in a way that other institutions cannot.

We turn out to be a vehicle through which Federal, State and local governments can target some of the work they want to get done to make sure that it hits the people who need the targeting.

With programs like weatherization, low-income energy assistance, juvenile delinquency prevention, elderly nutrition, SSI and CETA, it is vital that the money be spent on those who are really most in need. But they are always the toughest to work with, so you really need to have an enterprising way of getting to those people in a way that works for them.

Frankly, I am here to tell you about some other things. I live in a predominantly Republican area. I have run a CAP agency for 15 years in a very conservative part of the country. When the President first announced that he was going to have block grants to substitute for other kinds of funding, my people and my board were initially very pleased. They were certain that a "safety net" of social services focused on the truly needy would surely include community action. They also felt it was a reasonable attempt to be fair in cutting the budget. And so, for the first few months, my board of directors was saying, "The safety net sounds sensible, and block grants make good sense, and we are going to be the tool that everyone must use to make the whole thing work." In fact, the people on our board and our community want to be very supportive in reducing costs, restraining spending.

However, as the details get unfolded, my Board, which is composed of those very local people who make decisions in government, are changing their minds. They are frankly shocked. As the details come out, we find that the safety net will not be serving primarily low-income people. It will be serving primarily middle-income people.

The seven programs that the President proposes to include in the safety net and which would be continued under Federal administration at increased funding levels serve a duplicated count of almost 100 million people, but only 19 million low-income people are served by these programs. So 80 percent of that safety net is not those truly needy people that we have been working with at the very bottom; they are a cut higher. Sixty percent of all the low-income people would get nothing, or receive a free meal as the only benefit from those seven programs.

I have been working for years with the people at the absolute bottom, and they are not even in the safety net. That is really scarey. My board's position, my community's position began to change.

Second, the President changed his proposal for the level of Federal funding for health, social services, and emergency assistance from 90 percent to 75 percent. In our State of Wisconsin, the bulk of these block grant funds will be consumed by title XX caretaker services, low-income energy assistance, and child SSI payments. State government cannot cut those, because people's lives will be threatened. Frankly, I do not know how to compete against a caretaker service that is going to keep someone alive. The Governor will have to maintain or increase these three programs above 100 percent of their current levels, just to keep people alive and warm and to prevent serious illness. This responsibility will leave the Governor little or no room to support other essential programs. He will not have a choice of funding a Community Action Agency, however good or however effective.

Third, we learned that there would be no Federal support for community action. Community action is the only program that has had real success in insuring that block grant programs such as CETA, community development block grant, LEAA, and title XX, served at least some of the poor people. And community action is the one program that served as an emergency safety net for really poor people during the last seven winters. Now we learned it would not be a part of the Federal effort to insure that the truly needy would not suffer as a result.

The block grant really does mean there will not be Community Action Agencies. I come from business. I spent my whole life in business before I joined community action. I run a good business now, and the good business is based on being very effective and very economical in letting people work themselves up to a better life.

Senator, without community action in my State and my community, the President's proposed block grants will not reach those in need. It will prevent and stop the people who are regularly climbing out of poverty, and that is a terrible thing to do.

Two years from now, this committee will be hearing complaints, just as you have heard about the failure of CETA and of CDBG to reach poor people, but this time, the complaints are going to be about President Reagan's block grants.

I must tell you that our Governor would probably be inclined to spend block grant money for community action if he received 100 percent. But if you first take off 25 percent, and then inflation takes off 10 percent, and then you keep the funding for the critical life-sustaining programs—like in my State with 60 inches of snow, you do need low-income energy assistance—you do not have the funds to support community action, however valuable.

The Governor could not possibly say let us not use the essential funds in title XX, and so he will have no choice but to let good CAP agencies vanish. The Governor will not have the freedom to fund Community Action Agencies.

Senator, the most effective and efficient way for Congress to insure that existing and new block grants reach the poor and elderly is to continue the Community Action Agencies under the Economic Opportunity Act. It is a very small investment; it yields high returns. But it is a symbol and a signal to poor people. They would know that you cared about their future, and they would know that they had the best tool and the effective mechanism left to them to cope with whatever 1981 and 1982 bring.

Your Community Action Agency is a tool and a mechanism and a vehicle in each community across the United States, but it is also a safety net for America, vital, unless we believe that block grants are going to work perfectly—and I do not. I do not believe States are ready for the transition—there are going to be people not only falling through the net, they are going to be dying of it. Your CAP agencies are a partnership tool sitting all across the country. We have done good work, and we think you need us continuing that good work.

Thank you.

[The prepared statement of Mrs. Tyron follows:]

TESTIMONY ON

THE COMMUNITY SERVICES ADMINISTRATION

PREPARED FOR

THE SENATE LABOR & HUMAN RESOURCES

SUBCOMMITTEE ON

AGING, FAMILY & HUMAN SERVICES

PRESENTED BY

ROSALIE TRYON, EXECUTIVE DIRECTOR
ADVOCAP, INC.
FOND DU LAC, WISCONSIN

April 23, 1981
Washington, D. C.

Mr. Chairman: My name is Rosalie Tryon. I am the Executive Director of ADVOCAP, Inc., the Community Action Agency serving Winnebago and Fond du Lac Counties in Wisconsin.

I am here today representing my board of directors and the people of Fond du Lac amd Winnebago Counties with whom and for whom my board and staff and I work. Our program has an excellent fourteen year record of service to our community. Our board of Directors is the pride of our agency and of the community. The board includes high level leadership from the business community and the governments of the two county area and it includes effective, elected leadership representing the poor people of our community. I administer our community action program - but our board directs the program - and therein has our greatest strength because the active participation of the board has resulted in substantial support and the contribution of time and resources to our program by our community.

We serve three main functions in our community. First, we generate resources for and administer programs which are responses to the local problems of poverty which we recognize. Second, due to the flexible nature of our private, not for profit program, we have been able to develop many non-traditional, innovative approaches to fighting poverty in our local communities. One example is ADVOCAP's Supportive Work program, provides highly-supervised employment for the hard-to-employ. It focuses on four target groups - the mentally ill, high school drop-outs, welfare recipients and ex-offenders.

The national study of the Supportive Work Program indicates about 20 percent more of the women on welfare were employed 27 months after entering work experience programs, as compared to the control group.

Cash welfare payments for women in these work programs were reduced by about 23 percent. The ex-addict experimental group had an arrest rate which was 34 percent lower than the control group.

Several of these approaches have become national models. Third, because of our ability to reach into poverty communities in a way that other institutions cannot, we are the vehicle through which the federal, state, and local governments help insure targeting of programs such as, weatherization, Low Income Energy Assistance, Juvenile Delinquency Prevention (LEAA), Elderly Nutrition

Program (HHS), SSI, AND CETA, on the very poor and the elderly poor.

I am here today to testify regarding Reagan's intent to propose block grants to states in substitute for community action programs.

Frankly, I must tell you that what we first heard about the President's proposals - a safety net, social service funds for states, and a role for community action in targeting on the 'truly needy' - sounded like a reasonable attempt to be fair in cutting the budget. In fact, most people on our board and in our community want to support the President's effort to restrain federal spending. However, when we learned more about the details of the President's plan, we became quite concerned.

First, we learned that the "Safety Net" would be made up of programs which serve primarily middle income people. The seven programs the President proposes to include in the "Safety Net" and which would be continued under federal administration at increased levels serve a duplicated count of over one hundred million people, but a duplicated count of only nineteen million low-income people are served by these programs. Sixty per cent of all low-income people receive nothing or receive only a free meal from these seven programs.

Second, the President changed his proposal for the level of federal funding, for health, social service and emergency assistance block grants from 90% to 75%. In our state, the bulk of these block grant funds are consumed by Title XX, Low-Income Energy Assistance and Child SSI payments. The Governor will have to maintain or increase these three programs about 100% of their current level just to keep people alive and warm and to prevent serious illness. This responsibility will leave the Governor little or no room to support other essential programs.

Third, we learned there would be no federal support for community action. Community Action is the only program that met any real success in insuring that block grant programs such as CETA, CDBG, LEAA and Title XX served at least some poor people in our communities and community action is the one program that served as an emergency safety net for real poor people during the last seven winters. Now we learned it would not be a part of the federal effort to insure that the "truly needy" would not suffer as a result of the President's proposed budget cuts.

Senator, without community action in my state and my community, the President's proposed block grants will not reach those in need.

Two years from now, this committee will be hearing complaints just like those about the failure of CETA and CDBG to reach poor people - but these complaints will be about President Reagan's block grants.

I must tell you that our Governor would probably be inclined to spend block grant funds for community action if he received 100% of current levels for social service block grants. He might even allocate a small amount to community action at the 90% level. But I can assure you that at 75%, the issue is how to continue providing life saving winter fuel. The Governor would not have the freedom to find community action agencies in that case.

Senator, the most effective and efficient way for Congress to insure that existing and/or new block grants reach the poor and the elderly is to continue the community action program under the Economic Opportunity Act. It is a modest investment that yields high returns and it is a symbol and a signal to poor people. They would know you are truly concerned about their future.

26,156 people in Fond du Lac and Winnebago Counties exist on family incomes below the Federal government's poverty guidelines. This 12% of our population, comprised predominantly of older citizens, children, disabled or handicapped persons, and women who lead households, face a variety of formidable barriers in achieving and maintaining their own self-sufficiency. Almost 75% of our low income neighbors are struggling to survive this inflationary time without any form of public assistance. During 1980, the opportunities provided through ADVOCAP, Inc., the Community Action Agency serving Fond du Lac and Winnebago Counties, have provided valuable assistance and support to the poor and made a significant impact on the general economy of the two-county area.

Operating from a base of broad community participation, ADVOCAP's various programs provided services to 19,242 people during the past year. As the Community Action Agency for this area, ADVOCAP focuses its efforts on the identification and local solution of poverty problems. Its response to these community issues is guided and directed by the involvement of local elected officials, other interested community residents and the poor themselves. This kind of community action is proving itself successful in both helping the poor achieve self-sufficiency as well as contributing to the total community.

Five different employment, training and manpower development programs have served 706 unemployed people last year, while 158 persons are currently continuing their training experience. 215 others have completed the various programs in a positive manner during 1980. 140 of these are now employed in the community, in unsubsidized jobs. The Supported Work Program, a nationally recognized transitional employment program for people with special barriers to employment, has placed 91 individuals with community employers. Project Opportunity and the Ralston Purina Summer Employment Program both involve private sector employers in the provision of work experience and training to enable youth to either move to permanent employment in the community or continue their education. The Tomorrow's Generation Project provides specialized employment related services to teen parents, while the Adult Work Experience Program provides the unemployed with initial work experience and orientation to the world of work in public and nonprofit organizations.

The 706 formerly unemployed training participants earned a total of $802,361 in wages in 1980. They contributed $49,321 to the Social Security System, and from their earnings, paid $74,447 in Federal taxes and $12,199 in State taxes. When these earnings and tax contributions are combined with the earnings of all ADVOCAP employees, a total payroll of $1,940,892 was brought to Fond du Lac and Winnebago Counties. In addition to these wages being predominantly spent in the local community, $227,415 was paid in Federal taxes and $62,742 went into State taxes. Approximately 850 people had the opportunity to earn wages and be tax-paying citizens during the past year.

Additional people helping resources were brought to the community through several specialized services and programs. As a sponsor in the State of Wisconsin Housing and Neighborhood Conservation Program, ADVOCAP was able to make deferred payment loans to 19 families. The loans totalled $146,359, which were used to contract with local businesses to improve the housing of low income and elderly people. An Energy Crisis Assistance Program subcontracted through County Social Services resulted in approximately $380,000 in payments to local utilities and fuel vendors on behalf of low income and elderly families facing the severe impact of rapidly escalating heating costs. Over $51,000 of Homestead Tax benefits accrued to individuals and families, predominantly older persons, because of information and assistance they received in using this provision of the State's tax system.

While ADVOCAP's impact on the local economy during 1980 is significant and more easily described in dollar terms, it does not outweigh the less quantifiable impact on the lives of individual low income people and families. Equally important are the services that enable 753 families to secure safe, affordable, adequate housing and the 346 low income homeowners whose houses were weatherized to make them more fuel efficient and comfortable. As significant as the 106 young participants in Project Opportunity, were the almost equal number of private employers who had an opportunity to provide these youth with job training experience. The 2098 older persons served in the Winnebago Nutrition Program realized benefits in terms of their health and social well-being that cannot be measured economically. The 124 3- and 4-year olds who participated in Head Start received educational, social, nutrition, medical and dental services which will have lasting impact through the rest of their lives.

ADVOCAP's mission, which can be summarized as helping the poor help themselves move toward self-sufficiency, means that the needs and demands for the opportunities and services it provided increases as the national and local economy declines. The continued progress toward accomplishment of this mission, not only eases the plight of our low income neighbors who want to support and care for themselves and their families, it also increases for the community the number of productive, tax-paying citizens, and the resources needed to improve the community for all of its residents.

ADVOCAP's $4 million annual budget is drawn from over 30 Federal, State and Local anti-poverty grants and contracts supplemented by private foundations and project "earned income". In addition, ADVOCAP receives valuable "in-kind" non-cash support by donation of facilities use, materials, equipment and services from organizations, agencies and individuals.

ADVOCAP's headquarters has been in Fond du Lac since 1966. Services are provided out of service centers located at Ripon, Oshkosh, Neenah and Waupun.

Senator **Denton**. Before I go to Mr. Coard, I want to thank you for your testimony. I certainly agree with you, I would not want a deemphasis on mental health in the tactical terms which you outline, and we are urgently trying to assure that that does not take place. I agree with you about the compassion and the cost-effectiveness of that kind of approach.

I would have to at least question some of your statistics. We are not cutting 25 percent of that which is delivered to people. We are eliminating the Community Services Administration. Hopefully—and many Governors who have looked into this have said that there will be more money getting down to the State level, not less, and more money to the recipient, not less. I admit this has to be tried out, but there is a difference of opinion on that. The administration would disagree with your figures on the safety net, but I promise you we will look into what you have presented today in those terms.

Mrs. **Tryon**. Thank you, Senator. You have been asking the right questions all day long, but the answers you are getting are more theoretical than accurate. You see, I really live with those 19,000 to 20,000 people, we serve annually and my county board members really said to tell you that they need a CAP there because there are some things government cannot carry out in that entrepreneurial way.

I go to most of the county board meetings, because much of ADUOCAP's work depends on local government. So I said I was coming here, because you always show off when you are going to Washington. And they said, "OK, tell them we need you. Tell Congress, community action can do things we cannot do." There is a catalytic role there, and it is essential because that partnership has to pull in the business, the community, and all the rest. It is really impossible for a Government to solve poverty problems alone.

The Community Services Administration and the Economic Opportunity Act law, which says it is the purpose of the United States to end the paradox of poverty among the wealth, has got to be there for us to have the means of pulling so many people together to work.

I am not going to argue on all the budget cuts. We have got to cut the budget, and my people say so, too. Community Action Agencies are a tool and a vehicle you just cannot afford to dismiss with arithmetic. Those same people who were in the institutions were all in Government's hands, and they were really helped only when our CAP could package solutions in a different way that turned doomed lives into productive wage earning futures.

Senator **Denton**. I do not see any necessity for throwing out that process in the new setup. I do not see any reason why, with your expertise, you will not still be in the system, particularly if your State sees the need.

Mrs. **Tryon**. I am very sure that I would not.

Senator **Denton**. Thank you very much.

Mrs. **Tryon**. Thank you.

Senator **Denton**. Mr. Coard?

Mr. **Coard**. Thank you, Mr. Chairman.

I am executive director of Action for Boston Community Development. I come before the committee today to make a case for the reauthorization of the Economic Opportunity Act and the preservation of the Community Services Administration.

The Economic Opportunity Act, enacted by Congress in 1964, set as a national policy, very wisely, the intent to "eliminate the paradox of poverty in the midst of plenty" in America. This paradox still exists today, and the expiration of the Economic Opportunity Act, this year, in September, would be a startling abdication by our National Government of its commitment of help to America's poor to help themselves.

To assist the committee in its consideration, I would just like to state very briefly—and I am not going to read my entire remarks—what Federal funding targeted toward the poor has made possible in the city of Boston, one of the oldest and largest cities in America.

This funding is provided within a framework of a nationally coordinated strategy, but allows for local flexibility and innovation. That has been a very key aspect of it. It is a nationally coordinated strategy with a mission enunciated by the President and Congress to eliminate the national scourge of poverty, allow local flexibility and innovation, and the requirement to mobilize and have on its board representatives of various sectors of each community local government, the poor, private industry, and local social services.

ABCD's impact on the community it serves is extensive. The agency serves as a primary service delivery system through its children's programs, such as Head Start and day care; employment and job training for youth and adults which serves 25,000 each year—we even have had a State ABCD-funded branch of the State's community college program at ABCD headquarters for the last 10 years which enrolls over 300 community persons, including our staff, getting associate of arts and science degrees. Our academic offerings now include similar arrangements with the University of Massachusetts for a B.A. in management, as well as other programs. We also have health services programs such as community response to alcoholism; health career opportunities for young people, in cooperation with the University of Massachusetts Medical School. In addition, ABCD helped pioneer and managed for several years a program with Tufts University Medical School, the first neighborhood health center in the country. We also run a large combined State and federally funded weatherization and fuel assistance program that serves the entire Greater Boston area, which last year served 26,000 families.

Many poor of all ethnic backgrounds come to ABCD for help before they go to any other agency, because they trust it, and that includes the working poor. Thirty-five percent of the people we help are the working poor who are not on any form of public assistance and who need lots of help to stay off welfare. That is a preventive area which we very badly need to continue.

ABCD also serves as an impetus for upward mobility through its program emphasis on developing the skills, the knowledge, the motivation, and self-confidence of individuals and families for advancement. In fact, Community Action Agencies are fostered on the principle that the poor themselves must participate, since

CAA's are intrinsically self-help programs. In other words, just throwing money at things is not going to solve this problem, whether you are throwing lots of money or, in this case, too little money.

In addition, the interaction of the board members, who are drawn from the public sector—we have government people on the board, the private sector, we have two millionaires on our board from banking; and other sectors, as well as elected representatives of the low-income communities, has kept open community dialog that has served and continues to serve as a safety valve in times of crisis. This crisis happens far too often in these troubled times, particularly in our big cities in America.

During the height of ugly racial tensions—which I do not need to describe any more, because they were all on television—in Boston's school desegregation crisis, ABCD was the only citywide organization or place where representatives of all the neighborhoods could meet and deal effectively with the issues that affected their neighborhoods and lives, in a dialog. The mayor had to use our premises so people could talk at a neutral place.

Through its administration of the city's summer jobs program since 1965, ABCD has also been a major force for social stability and has been officially credited with cooling off many potentially troubled summers in Boston. As a matter of fact, Federal Court Judge Garrity, the one who handles desegregation in Boston, appointed me to a 15-person committee, a citywide coordinating committee, for over 2 years, because of that particular role that we play in Boston.

ABCD has also represented an irreplaceable economic presence in low-income city neighborhoods, since ABCD and its neighborhood network hire staff from the neighborhoods, rent space and improve buildings, buy from local vendors, and contribute to a positive community climate. The effect has been to enable low-income residents and groups to fulfill a role of public entrepreneurship developing, as needed, new neighborhood economic and social institutions such as credit unions, Community Development Corporations—we have three in Boston which are federally funded and five which are State-funded, housing corporations, neighborhood health centers, and new settlement houses. The result has been the extension of the concept of self-help from personal advancement to include a new community self-help vitality and community advancement, so that neighborhoods get a self-help image and institutional capacity to do a lot of the things themselves.

The work of ABCD has been possible due to CSA which, while it does not give us the majority of our funding—it gives us only a small part of it, about 10 percent—it provides a source of flexible catalytic funding through which programs such as Head Start, youth employment, community health centers, and fuel and weatherization assistance were developed. These funds promote innovation and development at the local level.

One of the greatest losses if Congress decides on the block grant approach will be the curtailment of creative and flexible funding for CAA's to devise strategies to deal with poverty that the local initiative (section 221) Federal funds presently provide.

For example, the national weatherization and fuel assistance programs—which are now very popular, particularly in the northern part of the country, where it is cold—were developed by local CAA's in the New England States. The CAA's utilized local initiative funds to develop pilot programs to insulate low-income households, thereby reducing fuel consumption and the profits of OPEC, and lowering fuel costs. These programs were not designed by universities nor by Federal Government or State government, but at the local community action level.

CSA funding is also a vital factor in leveraging funds from other sources. With under $4 million that we get in CSA funds, ABCD is able to leverage nearly $25 million in other Federal funds and nearly $10 million from non-Federal sources. We have been very successful in getting private sector employers such as IBM, Xerox, General Dynamics, and Polaroid to join with us in program. One example is a joint verture we started recently with the Shawmut Bank, one of the Nation's biggest banks. It is a job-training program in the basement of our building. The Shawmut Bank has put up $100,000 for the teachers and electronic equipment for this particular program. The bank has also guaranteed jobs for 100 graduates. The president of Shawmut is the chairman of what is called "the vault" in Boston, which is the directorate of bankers there.

In addition, for years, we jointly sponsored an awards program with the greater Boston Chamber of Commerce—which is as Republican as you can get—for companies that have worked cooperatively with ABCD to assist the poor in getting jobs. I have some copies of programs we have had, which I am submitting to the committee.

Using a multiplier factor to assess the economic impact of ABCD as a business institution and employer in the city of Boston we estimate that ABCD generates over $120 million in goods and services in the economy of Boston and approximately 1 percent of the total personal income in the city. In many rural areas, the local Community Action Agency has an even greater importance and impact, for it is often one of if not the, largest employers in its service area.

But economics is only a small part of the importance of a Community Action Agency. President Reagan has spoken of the need for a safety net for the needy in America. CSA has had for some years now a safety network which, except for the recent disturbances in Miami, has so far kept America's turbulent ghettos "cool". More important, the programs operated by CAA's serve as ladders—ladders with which the poor and the minorities in American can climb out of poverty and into the mainstream of American economic and civic life.

What is proposed instead will create 50 new State bureaucracies rather than one at the Federal level. I agree that CSA has had problems. I think a lot of it started with the attempt to dismantle it several years ago. It should be improved. Only the President can do that with his appointments. Blaming the CAP's for CSA is "blaming the victim." But we should not throw the baby out with the bathwater.

The proposed block grants would create new problems. We would also have 50 different State antipoverty programs with varying degrees of commitment, or no commitment at all, to poor people, and 50 programs of varying effectiveness.

While administration may not improve under block grants, the Congress will surrender the Federal Government's ability to respond to the problems of the poor. No longer will the Congress have the ability to target Federal dollars to areas that it believes need special attention, whether they be in inner cities, migrant workers, the handicapped or the elderly. Problems that are national in scope demand national solutions.

I have abbreviated a lot of what I was going to say, Mr. Chairman, and I appreciate the opportunity to speak.

I had one other point here. I just listed a couple of the things which would actually occur from the implementation of the block grant approach.

There is right now no maintenance of effort required in the block grants—and again, I compliment the chairman for the right questions asked this morning to all of the witnesses. There will, in our estimation, be a reduction of services. In addition to the elimination of the $40 million which supports the national and regional offices of the Community Services Administration at the present time, there is in addition to that a 25-percent cut in the existing service level. The States that get the block grants will have to take money out of that for a new bureaucracy to administer this program. Inflation will also cut into the dollars. The legal services program and the juvenile justice program are made eligible to get money out of this block grant, but no money is put into the block grant for them. So they will participate in many States, certainly in my State, and that will further reduce the money in the block grant.

With regard to title XX, a number of rehab services, a number of other existing programs that will be cut by 25 percent and put in the block grant States are now using most of the money to pay State employees. It is very unlikely with a 25 percent Federal cutback that my State will lay off regular State employees that are now being paid from the Federal grants in order to fund something like CAP agencies or anything else, no matter how good they are.

In addition, my State has recently approved a proposition 13 type of cut like we had in California. It is called 2½. Because Massachusetts has no State surplus, that is drastically and dramatically reducing all services at the State and particularly the city level.

Further, we have no assurance that the Federal aid formula now in use will not be drastically changed to favor the Sun Belt States. It probably will change, just like in fuel assistance, there has been a lot of fighting between Sun Belt and Frost Belt as to the formula. I expect the same thing will happen here. So in fact, we will end up with less money for my State.

Most States, including my State, even though it is a largely urban State, are now controlled by suburban/rural interests. Big cities and big city ghettos with minorities are not their favorite place for targeting any funds. People in the big city ghettos will surely suffer major losses of funds. The minorities will suffer, the Hispanics and the black, since they are not politically organized, though the need exists.

What will happen is that they will feel Government has again abdicated its responsibility to them; they will become sullen. Even the Heritage Foundation itself indicates that the amount of money going to CSA is mere "pocket change," and it recommends that CSA to be extended for at least a year.

The transitional problems—again, I compliment the chairman for looking at the area of transition. We looked at the budget that CSA has now and what is proposed to phase CSA out. The answer to the questions we have gotten shows that they will use funds that are supposed to go to us, the CAP agencies, in the next 3 months or so, in order to phase CSA out, which means we will have no funds for the next several months. So by the time we go out of business and block grants go into effect, we will not be around to get any money next year, because the money that should be coming to us now—which has already been voted by Congress—will be used to phase out existing Washington CSA staff. So people out in the communities are saying that this is a trick bag, and somebody is pulling something on somebody And it creates already a certain alienation and distrust in government which is not very fair at all, because we know that folks are honorably looking into this question.

Mayors and county commissioners who testified this morning say, "Why not include our level of bureaucracy or administration in the block grant process?" That level of government is not now part of the process of title XX or rehabilitation or child care services, etc. If we include this as another level of administration, which is city and county, we are again going to be adding another layer of cost out of already reduced funds. This is essentially what happened in CETA. Money in employment that used to come directly to ABCD under the concentrated employment program, when CETA was created it went to the cities and States, they took a big chunk off, several million dollars, which then went for administration, total money in employment programs was also reduced at that particular time by the Nixon administration.

This country has had experience with block grants. It is not a new concept. The first block grant we had was LEAA. That justifiably was abolished last year. We have had block grants with CETA. When I testified before Congress when CETA was proposed, it was described as a block grant. And CETA has given us nothing but patronage and a great deal of abuse because the Federal Government "put the money on the stump and ran. And now we are talking about cutting out major chunks of CETA, and we have a thing that is happening again which is called "blaming the victim." The poor people who need jobs and who need CETA are going to have less of it, or probably have none of it, and the folks who created the problem in the first place, local politicians who operated it, and the designers, the ones who wrote the law several years ago, wrote many problems in it. And instead of us correcting the problems, we are eliminating the programs. So poor people still remain unable to get the CETA programs or the job programs.

There are faults and there are problems with it. I for one am for correcting things, rather than throwing the baby out with the bathwater.

The community development block grant program, which is another block grant, has helped the gentrification of our big cities, including Boston and downtown. They have not been targeted toward the poor, and the poor do not have the kind of participation in the political process that they need to have in order to help direct and set priorities and get the resources that will help them. By definition, block grant allocations are determined by traditional political discussionmaking that has always excluded the poor.

The one vehicle that America has devised, Congress has devised, in order to help get poor people involved in the mainstream of decisionmaking and getting some resources and to learn and earn rather than burn, has been the CAP agencies. I can speak from experience in a big city.

The last time President Nixon attempted to abolish the OEO programs, the CAP agencies, I was able to get the President of the Greater Boston Chamber of Commerce—the President at that time was a Mr. Jarvis, the head of U.S. Machinery, one of the biggest corporations in America—to come down and testify before a committee like this, in favor of keeping ABCD because of the importance of it. If we had enough time and it was possible, I would be glad to have the present Chamber of Commerce president do likewise.

That is the importance of the CAP agency to our community. We have the active participation of State and local government. The Governor of our State, Governor King, who is a conservative Democrat, was at ABCD headquarters recently, doing one of our community seminars—we have them in order to have dialog between the poor and the people in key decision-making positions. And this we find is very, very valuable. So we perform a mainstreaming function for the community.

But we are afraid that with block grants, we do not have the kind of political clout—we do not want to—in order to insure that we would be able to have any program where poor people would continually participate in the jobs and in the policy throughout the entire system.

I thank the Senator very much for the opportunity to testify here today.

[The prepared statement of Mr. Coard follows:]

TESTIMONY

submitted to the

Subcommittee on Aging, Families, and
Human Services of the Senate Committee on
Labor and Human Resources

by

Robert M. Coard
Executive Director
Action for Boston Community Development

April 23, 1981

I wish to thank Chairman Denton and the other members of the subcommittee for the opportunity to present testimony on the proposed termination of the federal anti-poverty program and the initiation of social service block-grant programs to the states. My name is Robert Coard. I am Executive Director of Action for Boston Community Development Inc. (ABCD). I come before your committee today to make a case for the reauthorization of the Economic Opportunity Act and the preservation of the Community Services Administration (CSA).

I will not make this case in general terms, but as the director of a community action agency that serves over 100,000 people each year by providing services such as fuel assistance, employment and training, youth development, summer jobs, weatherization, Head Start and Foster Grandparents. Not all of these programs are funded solely by CSA. ABCD, like many community action agencies across the nation, receives funds from other federal agencies and programs. But the central funding for our agency comes from CSA and our mission is set by the Economic Opportunity Act, which will expire on Sept. 30, 1981.

The Economic Opportunity Act, enacted by Congress in 1964, set as national policy the intent to "eliminate the paradox of poverty in the midst of plenty" in America. This paradox still exists today and the expiration of the EOA would be a startling abdication by our national government of its commitment of help to America's poor to help themselves.

The Administration's fiscal '82 budget calls for incorporation of part of CSA's funding in a massive social services block grant to the states. If this Congress fails to extend the Economic Opportunity Act and substitutes block grants, it will, in effect, declare that there is no national policy to attack the crippling problems of poverty at its roots and that providing the opportunity for all Americans to live in decency and dignity is no longer a policy of this nation.

To assist the committee in its consideration of the block grant approach to solving national social problems, let me explain what federal funding, targeted toward the poor, has made possible in the City of Boston. This funding is provided within a framework of a nationally coordinated strategy but allows for local flexibility and innovation.

ABCD's impact on the community it serves is extensive. The agency serves as a primary service delivery system through its children's programs, such as Head Start and day care; employment and job training for youth and adults; a state/ABCD funded branch of the state's community college program at ABCD headquarters enrolling over 300 people; health services programs, such as the Community Response to Alcoholism; educational programs, such as Health Career Opportunities for young people; and its operation of a city-wide weatherization and fuel assistance program for low-income families. Many poor of all ethnic backgrounds come to ABCD for help before any other agency, including the "working poor," who need help to stay off the welfare roles.

ABCD also serves as an impetus for upward mobility through its program emphasis on developing the skills, knowledge and motivation and self confidence for advancement. In fact, community action agencies are fostered on the principle that the poor themselves must participate, since CAAs are intrinsically self-help programs.

In Boston, this self-help theme is reflected by the network of 11 Area Planning Action Councils (APACs), all with locally elected boards, which gives ABCD a unique decentralized decision-making system. This system of local planning and administration has fostered personal development skills and created a network of neighborhood leaders. Board members and local staff who cut their teeth in local community programs have moved on to important executive and community decision-making positions in the private sector, as well as in city, state and federal government.

In addition, the interaction of board members drawn from the public and private sectors as well as elected representatives of the low-income communities has kept open community dialogue that has served as a safety-valve in times of crisis which happen far too often in these troubled times. During the height of ugly racial tensions in Boston's school desegregation crisis, ABCD was the only citywide organization where representatives of all neighborhoods continued to meet and deal effectively with the issues that affected their neighborhoods and lives. Through its administration of the city's summer jobs program (since 1965), ABCD has also been a major force for social stability and has been officially credited with "cooling off" many potentially troubled summers in Boston.

ABCD has also represented an irreplaceable economic presence in city neighborhoods, since ABCD and its neighborhood network hire staff from the neighborhoods, rent space and improve buildings, buy from local vendors and contribute to a positive community climate. The effect has been to enable low income residents and groups to fulfill a role of public entrepreneurship developing, as needed, new neighborhood economic and social institutions such as credit unions, Community Development Corporations (CDCs), housing corporations, neighborhood health centers and settlement houses. The result is the extension of the concept of self-help from personal advancement to a new community vitality.

The work of ABCD has been possible due to CSA, which provides a source of flexible, catalytic funding through which programs such as Headstart, youth employment, community health centers, and fuel and weatherization assistance were developed. These funds promote innovation and development at the local level.

One of the greatest losses if Congress decides on the block grant approach will be the curtailment of creative and flexible funding for CAAs to devise strategies to deal with poverty that the "local initiative" federal funds presently provide. The national weatherization and fuel assistance programs, for example, were developed by local CAAs in the New England States. The CAAs utilized local initiative funds to develop pilot programs to insulate low-income households, thereby reducing fuel consumption and lowering fuel costs. Thus one of the more vital programs serving the poor today was conceived not in the universities, nor by government, but at the local community action agency level.

CSA funding is also a vital factor in leveraging funds from other sources. With under $4 million in CSA funds, ABCD is able to leverage nearly $25 million in other federal funds and nearly $10 million from non-federal sources. We have also been successful in getting private sector employers such as IBM, Xerox, General Dynamics and Polaroid to join with us in programs such as the new ABCD-Shawmut

Bank Training Program, where the bank provides financial resources and equipment to train poor people for 100 guaranteed positions a year in the banking industry. In addition, for years we have jointly sponsored an awards program with the Greater Boston Chamber of Commerce for companies which have worked cooperatively with ABCD to assist the poor in getting jobs.

Using a multiplier factor to assess the economic impact of ABCD as a business institution and employer in the city of Boston, we estimate that ABCD generates over $120 million in goods and services in the economy of Boston and approximately one percent of the total personal income in the city. In many rural areas, the local community action agency has an even greater importance; for it is often one of the largest employers in its service area.

But economics is only a small part of the importance of a community action agency. President Reagan has spoken of the need for a "safety net" for the needy in America. CSA has a " safety network" which, except for Miami, has so far kept America's turbulent ghettos "cool". More importantly, the programs operated by CAAs serve as ladders -- ladders with which the poor can climb out of poverty and into the mainstream of American economic and civic life.

"Joining the mainstream of American economic life" is not just the rhetoric of the anti-poverty activist. Take, for example, Marlene F. Marlene, client of ABCD, is taking advantage of several government "booster" programs in an effort to become a more productive member of society. She is currently training to become a licensed practical nurse. For now, she depends on CETA, (Comprehensive Employment and Training Act) and BEOG (Basic Educational Opportunity Grant) support for her education. Both programs are threatened by the administration's proposals. While she is in classes, Marlene uses other federal programs to help care for her children. Her younger child attends day care with the help of federal Title XX funds. Her older child is enrolled in Head Start. Both programs may be cut or curtailed by the Reagan proposals. When she completes her training, Marlene will command a salary of $10,000 per year, will pay Federal income taxes of approximately $750 per year and will be able to leave many of the government programs she has used in the past. If these "booster" programs are eliminated before she completes her training, Marlene and her children will be thrown back into a life of hand-to-mouth, publicly-assisted existence.

Would people like Marlene be better off under a block grant system? We think not.

The Administration tells us that block grant programs would return control of programs to local governments, eliminate duplication of services and reduce the regulatory burden on local agencies. We are told that placing the responsibility for decision making at the state level would mean more responsive and efficient local programming. It claims that state planning would be an effective means of ensuring that all segments of the population would be served equitably -- that is, in proportion to their needs. However, state administration will increase the risk that funding for each program may be measured not by the needs of people but by the degree of political support those people have shown at the State House.

In addition, instead of introducing more cost accountability and streamlining of the regulations into the allocation of federal funds, block grants would generate the creation of 50 new state bureaucracies, 50 state anti-poverty programs of varying degrees of commitment to low-income people, 50 programs of varying effectiveness.

While administration may not improve under block grants, the Congress will surrender the federal government's ability to respond to the problems of the poor. No longer will the Congress have the ability to target federal dollars to areas it believes need special attention, whether they be inner cities, migrant workers, the handicapped or the elderly. Problems that are national in scope demand national solutions.

I did not come here to claim that there are no problems with the present social service delivery system. But before we abolish the federal system, why don't we look at how we might strengthen it? Might we not be better off increasing state and local input into federal planning than shifting the problem to another level of government? And, if after careful examination, we find that changes are needed, let us at least weigh the alternatives before throwing out what we have.

CSA is not perfect. Often the bureaucrats at CSA are too prescriptive in their administration and stymie the flexibility and local innovation that I think is the hallmark of the community action system. I argue for improvement of CSA, however, not the creation of a new bureaucracy -- or 50 new bureaucracies in the states.

I wish I could address the altenatives, but those of us who administer federal anti-poverty programs have not yet had the opportunity to examine the specifics of the administration's proposals. Besides the administration's proposal to cut and consolidate, the only new proposal we have seen is the so-called Kemp-Garcia legislation to create enterprise zones. If Enterprise Zones are part of the solution to community development needs, why not add such provisions, on an experimental basis, to the EOA.

In the absence of specific alternative, I can only surmise what would happen in my city if there were to be no CSA. What poor neighborhoods would lose is the orderly process of community dialogue and participation they have grown accustomed to during the last 17 years.

Like the Thatcher administration in Great Britain, the Reagan administration has indicated support for the concepts of self help and self reliance. With what even the Heritage Foundation characterizes as "mere federal pocket change," CSA has provided the social glue that enables low-income communities and individuals to take constructive action to improve their futures.

By removing the mechanism for community dialogue, we may open the door to disorder. By removing the vehicle for constructive community participation, we may plant the seeds of alienation and disaffection. I can only hope that those seeds will not be sown in our country as they recently have been in poor neighborhoods in Great Britian.

Thank you.

I will now be happy to answer your questions.

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The Importance of Action for Boston Community Development, Inc. (ABCD) to Boston

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CATHERINE E. MONROE, *Vice President;* DANIEL J. PASSACANTILLI, *Vice President;* STANLEY N. WILLIAMS, *Vice President;*
F. DOUGLAS COCHRANE, *Clerk;* ROBERT H. GARDINER, *Treasurer;* ROBERT M. COARD, *Executive Director*

The Importance of Action for Boston Community Development, Inc. (ABCD) to Boston

SUMMARY

ABCD, the private, non-profit Community Action Agency for Boston, has a broad and deep impact on this City of 600,000, as the following figures show:

Funding and Resources*

Community Services Administration (CSA) Funding: $4.4 million

Total Funding: $34.6 million   Total Resources: $39.1 million

"Leveraging Ratios": Total Funds to CSA funds: 6.86 Total Resources to CSA funds: 7.89

Economic Impact*

Total people receiving paychecks: ABCD/APAC/Delegate staff = 1,497 Work enrollees, training = 6,558	8,055
Total Output Generated by ABCD: (via multiplier of 3.47)	$120 million
Total Net Income Earned: (above X multiplier of .487)	$ 58 million

ABCD-generated income is greater than 1% of Total Personal Income for Boston.

Level of Services*

Total units of substantial service delivered: over 100,000

Services include HHS/State Fuel Assistance (projected to 40,000 households this year), CSA Community Programming (Social Services, Senior Services, Education, Youth Development, and other; over 29,000 per year), CSA/CETA Employment and Training (over 11,000 persons, over 3,800 placed in unsubsidized jobs, 1,000 in skills training), HHS/Family Planning (active caseload over 20,000), CETA Youth Programs (over 6,000 jobs and training), HHS/Alcholism (2,700 cases), HHS/Head Start (2,500 families), DOE/Weatherization (1,000 homes weatherized per year), and other smaller programs, including Foster Grandparents.

Basic Issues

Numbers alone do not fully show the contribution of ABCD to Boston. ABCD has been an important source of stability in the city in troubled times. ABCD's primary role has been as an engine of upward mobility - both in programs and in the agency's own hiring, promotion, and vendor policies. Through programs and community membership on Boards and committees, the ABCD/APAC system has been an avenue for civic participation for disenfranchised people.

The basic foundation of the ABCD system is Community Services Administration support. CSA funding is the "glue" which holds together effective operations of other programs, and a "magnet" which attracts local public and private resources. A national anti-poverty agency is needed to address national poverty issues.

ABCD's continued strength is especially important in the face of the loss of $150 million in federal funds to Boston now proposed, as well as the severe cutbacks in local services resulting from Proposition 2½.

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*See accompanying text for details.

The Economic Impact of ABCD

I. Overview

Viewed strictly as a local business institution and employer, ABCD generates through its ripple effect, $120,260,000.00 in the Boston economy as shown in the following table:

TABLE I: The Impact of ABCD on Boston's Economy [*1]

ABCD Budget Outlays:	$34,586,296.00
Gross Output Multiplier:	X 3.47
Total Changes in Boston's Gross Output Due to ABCD:	$120,260,000.00

Total Change in Gross Output:	$120,260,000.00
Percent of Gross Output Converted to Income Earnings:	X .487
Total Change in Boston's Net Income Earnings:	$ 58,564,940.00

The income directly and indirectly generated by ABCD is approximately 1 percent of the total personal income for Boston.[*2]

II. EMPLOYMENT:

ABCD is a major employer in the Boston area, funding over 8,000 employee and trainee positions, as shown in Table II:

TABLE II: Total Employee and Trainee Positions Funded by ABCD

	Number of Positions
ABCD/APAC	816
Temporary & Part Time Staff	486
Delegate Agency Staff:	195
Total ABCD System Staff:	1,497
Work Program Enrollees and Trainees	6,558
Total ABCD Funded Positions:	8,055

[*1] Source of multiplier and earnings to output ratio: U.S. Bureau of Economic Analysis "Industry-specific gross output multipliers for BEA economic areas" (US GPO, 1977)

[*2] According to Boston Redevelopment Authority, 1978 personal income for Suffolk County was $4.8 billion.

III. AFFIRMATIVE ACTION:

ABCD maintains a strong commitment to minority recruitment and promotion. 52% of its employees are either Black or Hispanic: 44.5% are white. Blacks and Hispanics fill 50.2% of all the professional and technical positions at ABCD compared with only 4% of those positions city wide. Many ABCD employees are from disadvantaged backgrounds and have found that ABCD is a channel for upward mobility. Many "ABCD graduates" have moved on to good positions in both the public and private sectors.

IV. ABCD's LOCAL VENDOR POLICY:

ABCD's policy is to direct the bulk of its purchasing power toward local vendors. In fiscal year 1980, 80% of ABCD's suppliers of goods and services were community businesses with 25 employees or less. $10 million of the agency's total purchases of $16 million went to these local firms.

V. ABCD: A SOURCE OF ECONOMIC STABILITY IN BOSTON:

ABCD's size alone would make it of significant economic impact to Boston. ABCD not only generates significant numbers of jobs and a substantial amount of income, but targets this economic activity to areas where it is needed most. Through ABCD, over 5,000 summer jobs are provided for inner city youth who would have few other prospects over a long summer. ABCD helps to stabilize and revitalize many neighborhood business districts throughout Boston. In a single year, ABCD leases over one million dollars in building space in various locations throughout the city, in many cases improving the property as well as providing vital community resources.

ABCD's presence acts as a bulwark against economic disintegration in Boston's low-income neighborhoods. Withdrawing the force of that presence would trigger serious problems of economic dislocation.

The Social Impact of ABCD

In addition to the service numbers and economic impact that CSA funds have produced in Boston, there has been an associated social impact of major importance to the city. In the face of tension and conflict produced by economic and social change and by the frustrations of poverty, ABCD has been the real "social safety net" for Boston.

As an inclusive organization that brings together people of all races, ethnic groups, and religious beliefs from the different neighborhoods of the city to build a sense of community, ABCD has played a healing role that promotes social stability.

- ABCD has "stitched together" the city during times of conflict.

  During the desegregation crisis, the ABCD Board was the only city-wide organization that continued regular meetings throughout the most difficult period. At the height of the crisis, in 1976, ABCD had 10,000 youth in the Summer Youth Employment Program, who were able to work side-by-side and learn to communicate with one another.

- ABCD has functioned as a back-up during emergency situations when other systems had broken down.

  During the "Blizzard of 1978" - which virtually paralyzed the city for a week - ABCD's neighborhood-based system continued to function, providing direct services to 9,000 desparate households with direct services such as food and fuel vouchers; and deliveries of food and medicine to shut-ins.

- ABCD stands as the bulwark against social disintegration threatened by the abrupt cutback in services at the local level.

  Proposition 2½ cuts in municipality budgets, a squeeze on the State budget, and proposed cutbacks in federal funding combine to produce a major impact in Boston, as shown by the following chart:

"The Summer jobs outlook for 1981. It looks grim." [1]

Boston Youth Looking For Work (EST.)	Total Jobs, Public And Private Jobs programs		Net Summer Jobs Loss, 1980-81
	1980	1981 (Proj.)	
20,000	9,000	4,500	4,500

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[1] Quote and figures from Employment and Economic Policy administration (City of Boston) internal memorandum, dated February 18, 1981.

COMPOSITION OF ABCD/APAC TOTAL FUNDING AND TOTAL RESOURCES, FY 1980

SOURCES	FUNDS	DESCRIPTION
CSA	$ 4,398,430	
OTHER FEDERAL	24,945,570	See table below for detailed description of non CSA Federal Funds
STATE/LOCAL TO ABCD	2,883,801	Composed of $2,755,689 in state fuel assistance; $128,112 in other state/local.
OTHER FUNDS TO DELEGATES	2,408,495	Composed of $338,129 in Medicaid, Title XX payments to Family planning; $2,070,366 in Title XX, CDBG, private grants to APACs.
DOCUMENTED LOCAL SHARE	3,531,161	Composed of $2,060,897 in volunteer time; $1,326,842 in donated space; $143,422 of other local resources.
EST. OTHER LOCAL SHARE	1,000,000	Composed of estimates of space, supervisory staff for employment and training programs; additional volunteered time and space.
TOTAL ABCD/DELEGATE FUNDING:	34,636,296	
TOTAL ABCD/DELEGATE RESOURCES:	39,167,457	

COMPOSITION OF NON-CSA FEDERAL FUNDS

FEDERAL AGENCY	FUNDS	FEDERAL AGENCY	FUNDS
HHS Services: $15,908,974		DOL/CETA: $8,048,702	
Head Start	$4,821,045	Title IIB Training	$2,098,836
Family Planning	904,683	Title IV Youth	863,287
Alcoholism	162,912	Title IV PSE	734,395
Youth Health Careers	94,092	Summer Youth	3,310,602
Fuel Assistance*	9,307,306	Other	1,041,582

*Began with CSA funding but later transferred to HHS

FEDERAL AGENCY	FUNDS
DOE Weatherization	$ 848,994
NERCOM	4,284
Other small federal grants	134,676

TOTAL Non-CSA Federal Funds: $ 24,945,570

MAJOR PROGRAM AREAS	PROGRAM DESCRIPTION	OUTCOMES (FY 1980)
1. CSA Community Programming	Within the ABCD/APAC network, the 11 APAC's serve as vehicles within each of Boston's target neighborhoods as well as multi-service centers which deliver services tailored to the expressed needs of individual communities. Program areas include social services, youth and adult education, youth development, senior services, housing and consumer education.	29,000 people a year are served through the APAC system. CSA funds also provide the primary management capacity through which ABCD's non CSA-funded programs are intergrated into the service delivery system.
2. Employment Training	ABCD maintains 14 Neighborhood Employment Centers (CSA-funded) which function as a city-wide access network to job training and placement; 2 Intake and Assessment Centers (CETA-funded); and an array of pre-vocational, work experience and specialized skills training programs (CETA-funded, and private sector funding), including multi-lingual accounting, clerical skills, food service, keypunch, adult basic education and English-as-a-Second Language.	11,000 people were served through Neighborhood Employment Centers. Almost 5,000 received Intake and Assessment Services; 3,877 people were placed in unsubsidized employment. Of these, 659 were receiving some form of government assistance payment at the time of entry. Of those placed, 65% received a starting salary higher than $8,700 per year.
3. Youth	In-school youth programs provide academic assistance, employment, income, and training, including special career emphasis programs such as Health Careers Opportunities program (HHS-funded) and Physically Handicapped in Sciences (NSF-funded). Out-of-School programs offer basic skills and on-the-job training. The Summer Youth Employment Program provides jobs and income for an 8-week period.	5,500 young people between the ages of 14 and 22 were provided Summer work experience at approximately 500 worksites throughout the city.

MAJOR PROGRAM AREAS	PROGRAM DESCRIPTION	OUTCOMES (FY 1980)
4. Head Start	Head Start serves children between 3 and 5 years of age directly in the classroom and provides and array of health, nutritional and social services to children and their families, including a model pre-school Magnet Center for severely disabled youngsters and a unique Parent Child Center which serves children from birth to 3 years and their parents.	2,494 children were served, including families. 6,609 individuals directly benefited from Head Start Services.
5. Fuel Assistance	Fuel assistance provides fuel vendor payments according to a benefits matrix (up to $750) for low-income households, (with special emphasis on the elderly and Handicapped) who are seriously threatened by escalating energy costs.	22,956 households were served (projected to increase to 40,000 households during 1980-81.) The vendor network includes 400 fuel dealers located in Boston and in 5 surrounding towns.
6. Health Services	The Community Response to Alcoholism program pioneered in demonstrating the effectiveness of employing "street professionals" who, themselves, are recovered alcoholics to assist alcohol abusqrs. Counselors are located in 11 neighborhood sites. The Boston Family Planning Project, in concert with the citywide Neighborhood Health Center network, operates out of 19 neighborhood locations. The WIC program provides nutritional information and food to low-income "at risk" pregnant women and mothers and their young children.	2,730 clients received alcoholism-related services; of those, 85% recovered sufficiently to become employable during 1980. 20,000 clients received family planning services; 29,334 client visits were recorded.

Action for Boston Community Development, Inc. - Major Programs

MAJOR PROGRAM AREAS	PROGRAM DESCRIPTION	OUTCOMES (FY 1980)
7. Energy Conservation	Residential energy conservation has taken the form of insulation and weatherization of low-income housing units, with labor performed primarily by CETA-funded Title VI PSE crews.	1,000 housing units were weatherized with an average saving of 200-300 gallons of oil per unit per year, for a total oil savings of above 250,000 gallons per year.

(Note: In the interest of economy and due to mechanical limitations, certain other material submitted by Mr. Coard (including newspaper clippings, etc.) was retained in the files of the committee.)

Senator Denton. Thank you, Mr. Coard, for your earnest and well-expressed testimony. I have great respect for the motivations, the past commitment and future intentions of yourself.

Mr. Coard. Thank you, Senator.

Senator Denton. We are, as you know, on the verge of a $1 trillion national debt. Perhaps 1 year or 2 years down the pike, the value of the dollar, the state of the economy of this Nation would be such that we would all be poor—poor to the point of the kind of poverty that I have seen in which on one day, although I happened to be in a cell, people who were living with me in a system which regards the government as the source of all control and all funding and allocation of resources—I killed 251 flies on one wall, until I was exhausted. I lived with roaches all the time, even when I was a kid, in hotels that my family ran.

I do not believe, or I would not be sitting here in this particular party, that we have abandoned the objective of taking care of our poor. I categorically dispute that. I cannot defend against all of the specific criticisms you have made, and I am sure many of them are valid. I just hope that they are resolved within the changes which are going to take place.

In 1960, we had an $800-million surplus in the Federal setup. We were spending 25 percent of our revenues on social help. We were spending 60 percent of our revenues on defense—related matters. Today, we have reversed that. We are spending 50 percent on social programs, 25 percent in defense, at a time which I can assure you, we face not only a survival problem in terms of economics on the national level, but a survival problem in the sense of the number one social service the government has, to provide its people the assurance that they will not be destroyed by a foreign power.

I respect your field of expertise, and I assure you that mine is as valid, and the last statement I made to you is absolutely true.

So we have a problem, and the philosophy involved here is something that I think we should mention, too. The Government is not the source of dollars or jobs. It cannot be perceived that way. Private business has been and will ever be the principal source of jobs and wherewithal by which the poor become less poor. And if we do not see that we have been, by regulation and over-taxation, destroying that source and rendering them uncompetitive with industry in other nations, rendering the necessity for things like the 10-5-3 thing by which they can modernize and provide more jobs because of a more competitive enterprise and hence enhance the base for employment which will take these poor people from a situation in which jobs are not available to a situation in which jobs are more available, then we have a philosophical difference.

But as far as not caring about the poor, quite the opposite. We both care about the poor. The question is with which procedures can we best take care of them. And you made many valuable inputs this morning that I am sure we will have to accommodate in the change we make.

May I ask you both some questions? How long has your Community Action Agency been in existence?

Mr. Coard. My agency came into existence about 4 years before the Economic Opportunity Act became operational in 1965. We got started because of a very strong desire on the part of Mayor Collins at the time, some people from the banking and private industry community, and some neighborhood leaders and the Ford Foundation to deal with the problems of the inner cities, black and white ethnics in the big cities. So we are sort of a prototype of a Community Action Agency or a model cities program and programs of that nature. The Harvard University-MIT Joint Center for Urban Studies has published a "History of ABCD."

Mrs. **Tryon**. The rural areas get there just a little bit later. So at the very beginning of 1966, the Fond duLac County Board, meeting with some union leaders, League of Women Voters, and a few others, decided to form a CAP agency in that rural area. We are surrounded by 20 counties without CAP's, so the difference a CAP makes really shows. This is our 15th year.

Senator **Denton**. How much Community Services Administration money passed through your agencies during that period of time?

Mrs. **Tryon**. Mine is so little that you can add it up in a hurry. Our total funding level from Community Services was about $100,000 a year for most of the years when we served one community. It is $227,000 this year. That is for the basic CAP. When we handle low-income energy and other kinds of programs across the 15 years, funds beyond the basic local initiative added perhaps a total of $1 million of CSA money. But we have administered over $21 million altogether by catalyzing other resources.

Mr. **Coard**. I do not have the exact amount, but I would say probably around $60 million in the years since we have been in business. However, that is a little tricky in one respect. A lot of what is now considered HEW or HHS money, like Head Start, was originally OEO/CSA money. So many of the programs that are favored programs for one reason or the other, politically or otherwise, like Head Start and the foster grandparents program, were originally part of the OEO programs. And all of the OEO programs that we have spoken about here have shown a great deal of merit. Some have not worked as well as others, and I think those that have not worked should be terminated. Those that have worked should be continued, as a matter of fact, expanded. I think we should talk about more money for an improved Community Services Administration, Senator.

And by the way, Senator, what you said about the national defense, I am fully in agreement that we need a strong national defense. I do not think they are mutually exclusive. I don't believe one should be at the expense of the other. And many people say the best defense is to make sure that our people are strong and happy and healthy and have jobs; and our cities and our ghettos are strong. That is our best defense, once we have an adequate level of military capacity.

Senator **Denton**. I want our people to be happy and healthy, but that is not the best defense against the present moment capability, that if the Soviet Union were to launch their ballistic missiles, they can kill—not injure, but kill—50 percent of our population. In response, we might get 5 percent of theirs. So we have some bad things out there, and they have some tough things they have aimed at us. And if we forget that, and if we start thinking about the Government has stopped caring about its poor, and we start talking about violence and burning, we are setting ourselves up for catastrophe in which they will not have to participate.

Mr. COARD. We need to do both, Senator. So I fully agree with you; they are not mutually exclusive.

Mrs. TRYON. I would like to say something here. You keep saying "do" for poor people. CAP's work for them. I work for and with the poor people. They are my bosses. It is not I "do" for them. In fact, every time an income transfer program comes down, we send it over to the welfare department, because we sure do not want to be known as check-givers.

A CAP agency puts a whole different light on it. When poor people are your bosses and make the decisions about what is going to happen, they get that sense of power that then lets them go out and tackle other successes. CAP's do not have any clients; we have constituents. I have got people I work for and I have got people I listen to.

I want to make a point about money. The entire national budget for CSA is $538 million. You are saying it will be about that much either way. I absolutely believe that if you send that through your CAP network, you are going to get 5 times the benefit. If you send it through the States, it is not even going to get to a CAP agency, and by the time it has trickled down, if it does it will be less than half.

The effectiveness changes radically by how the money gets to the people.

Mr. COARD. We have gotten a lot of people who were unemployed back on the tax rolls, paying taxes. I have good clippings here, which I will be glad to leave with the committee, from the "Boston Globe", the "Boston Herald American", which is a Hearst newspaper, which indicate many examples of the programs that we do. We do many jointly with private industry. That is why I indicated the Chamber of Commerce. As a matter of fact, they asked us to join the Chamber of Commerce a few months ago. So we work very closely with private industry. But they are the first to tell you they cannot do it all. There is a role for Government, as we have seen, with private industry. But the fact is, there is a role for Government in different aspects. It should not be to do everything. Private enterprise, entrepreneurship, private entrepreneurship, and public/community entrepreneurship, which is what we do, are both absolutely needed.

We are nonpartisan, we are nonpolitical. We can bring governments together like we do with a lot of the small towns. In New England, that is all we have are small towns and cities. We can bring them together when their jealousies and their fights prevent them from working together cooperatively for poor people or for anything else. And that is a major achievement of the CAP agencies in counties and in small towns and in cities, which is unique. And I think the model should be followed.

And again, I plead for an expansion. As the Heritage Foundation claims, the amount of money we are talking about for the CSA and CAP agencies, is "pocket change," they call it, "chicken feed."

Senator DENTON. I try not to quote the Heritage Foundation or even read it, because I would be accused of being a spokesman for the new right or something.

I do not think we are trying to get government out of this, not when we are talking about a deficit, with all the cuts, of over $45 million this year. So we are not talking about getting the Federal Government out of trying to help folks.

The Economic Opportunity Act says a Community Action Agency must provide services and activities which have a measurable and potentially major impact on the causes of poverty, not to again say that you have not dealt compassionately with poor people and that you see these things from your heart as helping them.

What data do you have that this is making a real impact on the goal of alleviating poverty itself, rather than addressing some of its symptoms, treating the symptoms?

Mrs. **Tryon**. I will start with a small one. Let us take those supported work enrollees last year. All who entered had 100 percent chance of failure. That is how we got them. They came from institutions—mental, prison, or juvenile institutions. Last year, these new workers had $536,000 in earned wages, and altogether, they paid taxes of $134,967.What the workers paid in taxes is the same amount it would have taken to have five of them sit in institutions. They paid that in taxes to help support your staff and mine. They also earned wages, for their use and in the course of working, they produced products, they rehabilitated 42 houses—these same people, these throwaway people, are doing the work—they weatherized 376 homes so that they saved heat for other poor people. And these same people used their money to buy food and clothes and pay rent.

So I will start by saying making productive people out of people who were thrown away, is very economical. This kind of success data, all CAP's have. Eight hundred and fifty different people worked for my agency last year and, altogether, half of everything we did went for wages. But the interesting part is, out of the 850, more than 750 were eligible for welfare, and there they were, working. That is measurable in my view, people would rather work. And they did some really good work, too.

Mr. **Coard**. Senator, again, I have some clippings from the Christian Science Monitor, the Boston Globe, the Herald American, and many others and Time Magazine. ABCD has been called "Dropout University". The Boston Globe has called us "Harvard University for the Poor".

We have, as I mentioned, a community college program that has been operating for 10 years in our premises, with over 300 of our staff and other low-income persons engaged in getting college degrees. These persons are permanently out of the poverty syndrome. They have learned by the experience we have given them. Particularly minorities, they have had no way to get that experience. They go looking for a job and they will be asked, "How much experience have you had?" They say, "Nobody has ever given me the chance to get the experience." We have given them that, plus the college, as part of our basic programs.

I have here an unsolicited letter from a gentleman who said:

> I commend you for the patience you have exhibited and the advice and guidance and the follow-up that contributed to my success. Before getting into an ABCD program, I was not employed, did not have the necessary skills to make employability attractive. As a result of my association with ABCD, I have gone on to bigger and better things, using the technical skills that I acquired at ABCD.

We trained him in a course in typewriter repair. Now, he says he has opened Amherst Typewriter Service, and he has opened another branch of it, as well. This is a person who was unemployed most of his life.

Again, I leave this for the committee.

This is in the National Journal on Restaurants. "Low Income School Produces High Quality Cooks". Persons who have been totally unemployed or marginally employed all their lives have now become chef cooks and have incomes running $10,000 and $15,000 a year.

We also have a number of statistics which indicate the significant achievements that we have made in this area over the years.

In Boston, we have Harvard, MIT, all the schools. Every newspaper looks at you and scrutinizes you with a microscope, and we have survived and done what most people considered a good job. We are not perfect by a longshot, but we have done an excellent job over the years in a competitive, highly over-universitied, if you want to call it, place like Boston. That in itself is indicative of a lot of solid work we have done over the years. We would be glad to give you any further followup material of that nature anytime that you so please.

Senator DENTON. If funds are reduced for the Community Action Agencies, this may indicate the agencies are either poorly managed, the programs are poorly managed, not necessary, or that other services are considered to be of a higher priority. During a period of limited resources, do you think it is sensible to allow States to set their own priorities, even if it means worthy programs at the bottom of the priority list might lose funding—keeping in mind that as we increase the deficit each year, taxing more and more the real sources of jobs—for example you get 9,000 in a month laid off in Birmingham in a steel plant, and it is pretty quick if those guys are viable, because they do not have to pay for the stuff that is going into this, because they hire people, poor people, to work right now. It is one thing to inculcate the desire to work and another thing to have the opportunity in the form of a job there.

Could we have been neglecting that setup? That is the kind of question that is before this government.

Mrs. TRYON. I think we all have to look at priorities. But I am going to answer you in a different way. I need an antipoverty law more than I need every cent there. I mean, if you were going to offer me a choice that said, "How would you feel about twice as much CSA money and no law?" I would say I would really rather have the law and half as much money. It makes a whole big difference what you are trying to do and why you are trying to do it. And that is the only time that poor people were ever cut in on the deal, ever.

I need that law, and I live in an area where I get county board funding and county board support and government support, and they contract from us because we are cheaper than doing it themselves.

Senator, to let that law expire without reauthorization is the most terrible thing for poor people. There is not that much money to it. So I will state you my priorities. My priorities are, the law, for that is such good legislation. It has served so well to bring partnerships together. I do not know if I speak for anybody else, but I need that law so bad that if I could make a deal like that, I would trade for less money to have that law intact, with every word in it, for it means poor people can have a voice.

Mr. **Coard**. I would agree with Mrs. Tryon, Senator. The law is very important. It is important for us nationally, because this law is being watched all over this country by poor people, and by the world, and by minorities, to see whether this national government reneges on a commitment or whether it intends to follow it up. We do not mind cuts, like everybody else, but we are not talking about cuts, Senator. We are not talking about cuts. It is like the discussion between the pig and the chicken as to who is contributing most to the master's breakfast. The pig contributes 100 percent of himself for the bacon, the chicken only contributes an egg. When we are talking about cuts, it is one thing, 25-percent cuts. But when we are talking like the pig, who has contributed 100 percent, which is the Economic Opportunity Act itself—the promise that America made to the poor people all over the country, we are really eliminating everything. That law gives us the opportunity to coordinate the Chamber of Commerce, local government, private industry, philanthropy, and they are glad to have us do that. It helps me so I can talk to them and say, "Let us work together, because the Government of this country says it is important to help poor people get jobs and to earn and to learn." That is why we have been able to put together a package in our place which is unique, we feel, and which is very, very helpful.

ABCD had a head start on most other CAP agencies. That is why we have been able to do it. We have gotten help from everyone, from public officials, from our Senators, and from our Governor, Governor King, who though he is very conservative, will tell you he supports our program and what we are trying to do, that we try to do it constructively and with everyone.

Senator **Denton**. Well, I have met Governor King, and I respect him, too, although he is not of my party. I think he does generally approve of this new approach, though, and I think that you can have confidence—and I hope you will spread this—that the functions will not disappear. You know, if your Governor sees you as necessary, all he has got to do is say so and you are in there, OK?

Mr. **Coard**. Suppose he doesn't get reelected, though, Senator. That's why we need the law, Senator.

Mrs. **Tryon**. Senator, my Governor does not have the choice of saying that it is the policy of the United States to eliminate the paradox of poverty among plenty.

Senator **Denton**. You may be sure that that remains the objective of this Nation.

Mrs. **Tryon**. Oh, I wish I believed that, and I need that law to know that that is so, and my people need that law. So I guess we are offering you a suggestion for today that says if you want to talk about cuts, I think poverty workers should be cut like everybody else. But you are not taking away the lifeblood from the rest, and this law does represent our lifeblood. I do feel that strongly. And I run a strong CAP. My board said, "we must be a Community Action Agency that is the way the poor people have their voice and their rights." So we do know that without the law, it would be entirely different. We could do good works. Lots of people can do good works. But good works is not a Community Action Agency, and a Community Action Agency has to have the right to have a third of the decisionmakers be poor people themselves. The Economic Opportunity Act is the only place you will find this partnership with the poor.

This is one of the few hearings I have ever been at that a Senator really listened, and I cannot tell you what a joy that is.

Mr. Coard. Senator, I really want to compliment you and your staff for the excellent preparation of this committee and the fact that you have listened. We really appreciate that very much.

We do need a law, we do need a statement. My grandmother thought she owned a piece of real estate, but she did not have that piece of paper with her, indicating her ownership and she lost it.

Senator Denton. In other words, we need something more than a verbal assurance. We need an articulation in writing that the objective is still there.

Mr. Coard. That is correct, that the objective is still there. And there are millions watching you, Senator.

Senator Denton. Thank you very much. We will submit the rest of our questions and ask you to answer them in writing, if you will. We will take a recess for lunch until 2:30.

We stand in recess.

[Whereupon, at 12:55 p.m., the Subcommittee was recessed, to reconvene at 2:30 p.m. this same day.]

AFTERNOON SESSION

Senator Denton [presiding]. The Subcommittee on Aging Family and Human Services will come to order. We will continue our hearing today with the afternoon session being devoted to hearing testimony from two panels, first dealing with child abuse, prevention and treatment and adoption opportunities.

The second addressing the Native American Programs Act.

Before proceeding further, I would like to submit a statement for the record on behalf of my distinguished colleague from New Hampshire, Senator Gordon Humphrey. It will be included in the record at this point. It is dated April 23.

[The prepared statement of Senator Humphrey follows:]

April 23, 1981

Statement of the Honorable Gordon J. Humphrey,

Mr. Chairman,

I commend the Chairman for calling this hearing to explore the issues of the Community Services Administration, child abuse prevention and treatment programming and Native American programs. Certainly among the most critical problems of our time are those caused by child abuse. As is indicated in some of the testimony before the Subcommittee today a large percentage of the inmates in our penitentiaries were abused children. Certainly it is imperative that we explore what the government response to this national tragedy should be.

I regret that other committee assignments prevent me from attending today's hearing. I would however like to assure you Mr. Chairman,and the witnesses that I will carefully review and consider the testimony gathered here today.

Senator DENTON. I would like to remark that he has a distinguished record in this field, which I and I am sure you respect very much.

I have two other statements that are requested to be included in the record at this point.

Senator Metzenbaum wishes to introduce Dr. North, and I will insert his statement first.

[The prepared statement of Senator Metzenbaum follows:]

STATEMENT OF HON. HOWARD M. METZENBAUM

MR. CHAIRMAN, I REGRET THAT I CAN NOT PERSONALLY INTRODUCE ED NORTH, PRESIDENT OF THE NATIONAL EXCHANGE CLUB'S FOUNDATION FOR THE PREVENTION OF CHILD ABUSE.

DR. NORTH IS A RESIDENT OF JACKSON, MISSISSIPPI, WHERE HE SERVES AS A PHYSICIAN AND SURGEON AT THREE HOSPITALS. HE IS MARRIED AND THE FATHER OF 5 CHILDREN. AFTER GRADUATING FROM THE COLLEGE OF CHARLESTON, LOCATED IN CHARLESTON, S.C., HE ENTERED THE MEDICAL COLLEGE OF CHARLESTON WHERE HE OBTAINED HIS MEDICAL DEGREE.

HIS INVOLVEMENT IN THE NATIONAL EXCHANGE CLUB STRETCHES BACK TO 1963 WHEN HE SERVED AS A BOARD MEMBER TO THE JACKSON CHAPTER. THE EXCHANGE CLUB IS AN ORGANIZATION WITH 1,300 CHAPTERS ACROSS THE COUNTRY MADE UP OF OVER 40,000 BUSINESSMEN WHO COME TOGETHER TO ATTACK THE SOCIAL ILLS OF OUR SOCIETY.

SINCE 1979, DR. NORTH HAS SERVED AS PRESIDENT OF THE FOUNDATION. IT IS WITH THIS BACKGROUND IN MIND THAT I BELIEVE DR. NORTH CAN PROVIDE THIS COMMITTEE WITH A UNIQUE LOOK AT THE ISSUES INVOLVED IN INITIATING AND OPERATING LOCAL, COMMUNITY-CONTROLLED CHILD ABUSE PROGRAMS.

TWO MILLION CHILDREN ARE ABUSED EVERY YEAR, AND CHILD ABUSE BECOMES A VICIOUS CIRCLE, WITH ABUSED CHILDREN GROWING UP TO BE ABUSIVE PARENTS. THE NATIONAL EXCHANGE CLUB BELIEVES THAT IT HAS FOUND A SIGNIFICANT WEAPON AGAINST CHILD ABUSE, AND WE ARE FORTUNATE THAT DR. NORTH CAN APPEAR TODAY TO DISCUSS WITH US HIS IDEAS AND EXPERIENCE WITH PRIVATE SECTOR INVOLVEMENT IN THE EFFORT TO TREAT CHILD ABUSE ON A COMMUNITY BY COMMUNITY BASIS.

Senator **Denton**. The other statement is by Senator Kennedy, who likewise has a distinguished record on this committee, and who wishes to say a few words about Mrs. Jane Quinton.

Senator Kennedy was the chairman of the Health Subcommittee of the Labor and Human Resources Committee for a number of years, and has a most distinguished record in this field.

[The prepared statement of Senator Kennedy follows:]

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United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, D.C. 20510

April 23, 1981

The Honorable Jeremiah Denton
United States Senate
Washington, D.C. 20510

Dear Senator Denton:

You were gracious enough to respond to my request to have Jane Quentin testify on behalf of Region I's Adoption Resource Center.

I know you share my concern with those children in our society who through no fault of their own end up in foster care, never know a permanent home and family. Many are victims of child abuse or neglect. Others can no longer be cared for by their families. The Adoption Resource Centers in Boston and around the country are working to find these children permanent homes. They are active in reuniting families and, when that's not possible, finding new loving parents for these children, once considered "unadoptable".

I am extremely impressed by the work Jane and her colleagues are doing and I am pleased to be able to introduce her to you.

With best wishes.

Sincerely,

Edward M. Kennedy
Ranking Minority Member

EMK:t

Senator **Denton**. For our first panel, I am happy to welcome Mr. Earl Forte, vice president of the National Committee for the Prevention of Child Abuse; Dr. Edward North, president of the National Exchange Clubs Foundation for the Prevention of Child Abuse; and Mrs. Jane Quinton, director, Region I, Adoption Resource Center, in Boston, Mass.

Thank you for appearing this afternoon. If we may start with Mr. Forte and then go to Dr. North and finally Mrs. Quinton. Then we will have questions of the panel.

Mr. Forte.

STATEMENT OF EARL A. FORTE, VICE PRESIDENT, NATIONAL COMMITTEE FOR THE PREVENTION OF CHILD ABUSE; DR. EDWARD NORTH, PRESIDENT, NATIONAL EXCHANGE CLUBS FOUNDATION FOR THE PREVENTION OF CHILD ABUSE; AND MRS. JANE QUINTON, DIRECTOR, REGION I ADOPTION RESOURCE CENTER, BOSTON, MASS.

Mr. **Forte**. Thank you.

I guess I should mention for the record my primary occupation, however, is President of the Metro Division of Combined Insurance of America and as vice president of the National Committee for the Prevention of Child Abuse, I should mention that it is a privately funded, not federally funded organization, national in scope.

I can appreciate the dilemma that you must be in at these hearings because my mission has put me in considerable conflict. I woke up one morning and found myself part of a special interest group and in the circle I deal with, that is not a popular thing to be at the moment.

As a conservative businessman, I endorse the goals and approach of the Reagan administration wholeheartedly. There really isn't any question but what many Government programs should be severely reduced; many should be discontinued, and perhaps virtually all should share in the overall Government reduction in spending objectives.

But when I think about the National Center and the act to prevent child abuse and neglect, and the demise of that act I guess I have to echo the words and agree with Mr. Coard that we may literally be throwing babies out with the bath water. For it seems to me unless we do something for our children that future administrations will be trying to solve adult problems that emanate from their youth long after the current administration is dead and gone.

As I mentioned, I support Federal budget reductions and the discontinuance of many programs, but the dilemma, however, I find myself in is that I believe the National Center on Child Abuse and Neglect is not one that should be discontinued at least at this time, nor should the Federal Child Abuse and Prevention Treatment Act, Public Law 93-247 be repealed.

The dollars spent by the National Center are really not significant compared to the administration's overall reduction in budget goals. However, the National Center should not escape the budgetary knife. We are merely asking that the patient be allowed to live.

The small amount spent at the Federal level has acted as a catalyst for bringing in money from State and local governments and the private sector. It has primed-the-pump as money used to solve the Nation's child abuse problem.

If this law dies, the Federal spotlight on the problem will die with it. The message to State, local, and private sector by this administration would be that we no longer consider abuse of our children a national problem. It would tend to diminish the concern at every level before the level of the American people and local government has had a chance to be understood.

The block grant approach may be appropriate for most programs, even the area under discussion, but if the National Center is abandoned, there is no assurance of any block grant funds finding their way to child abuse or neglect programs.

In fact, when we look at the evidence, we can be assured that no funds will be available for prevention, research, and demonstration projects.

Local governments have their hands full putting bandaids on the hurts that have already happened. This administration is profamily and so am I. Child abuse programs can help keep families in trouble together.

Echoing the statistics we have just heard, up to 90 percent of the inmates of our penitentiaries were abused children. It seems to me that once and for all we do have the opportunity to get out in front of the problem that is second only to inflation in the minds of most Americans. It affects every segment of our Nation. If there is a link—and we believe there is—then something about child abuse today could very well be doing something about crime tomorrow. Where better can we spend our money for this and future generations?

I believe the private sector given time and knowledge can take on much of the burden even at the national level. Private sector must first fully be aware of the cause and effect of child abuse and what can be done about it before significant private funds can develop.

As a fund raiser in this area, I can assure you, however, it is easier as the population becomes more and more aware. The Federal Government should continue to help in making the public aware there is a national problem. Public Law 93-247 will give child abuse a chance to compete for limited consolidated funds.

Not many years ago a nonprofessional like myself was totally aware there was a problem. Oh, we read about the occasional mother or father that beat their child to death or left him in a garbage can, but we wrote them off as crazies, people we couldn't do anything with, about, or for; but these things do happen everyday.

The bigger issue, however, that is far more difficult to get at is where does the discipline of the child by the parent end and abuse begin?

That is where we need the education, the research, because people can solve problems when they are aware of them and when action programs that work are available to them. Seeing to development of these programs is the mission of the National Center. People will volunteer their time, and their money when they know what is wrong and how to fix it. When they know what they can do.

It is time to implement what we already know, to spinoff as separate privately funded entities programs that work at the State, local, or private agencies. A case in point is Parents Anonymous. I don't know of anywhere where we get more bang for the buck. It is very cost effective, it is peer helping peer. With time and assistance Parents Anonymous, currently, primarily funded by the National Center, would go it alone.

It needs time and assistance in making the public aware of what they do and what their needs are. If support is then not forthcoming, it would seem to me the people that decided to live with the problem—and I suppose that is their prerogative.

If I might take just a moment to tell why, it may make my position on this matter more clear.

When I first became aware of the millions of kids being abused every year at the hands of their own parents, and thousands died, I looked back over my own growing up and I realized that thousands of dollars had been spent by Federal, State, and local governments and by my parents educating me; subsequently my corporation has spent thousands of dollars trying to make me a more effective executive and yet I don't know of a single penny ever spent preparing me for my most important mission in life, to raise a couple of kids.

We now spend millions of dollars teaching our kids how to have them, how to not have them, and very little on what to do with them when they do have them.

You and I, Mr. Chairman, are apparently lucky. We had good models to follow. We need the national level to promote education, to get it into our school systems early on, to hold conferences to swap knowledge nationally, to evaluate programs so that those that work can be expanded and those that don't can be eliminated, to see that research in this area continues.

The amount of money spent is not the issue. The issue is that the emphasis be continued at the national level. Progress made since 1974, when the act was first passed will be lost forever in a matter of months. I am aware some 2½ years ago the General Accounting Office had some very negative things to say about the National Center. Those issues I am assured have been addressed and many remedied since that time; so I would certainly hope that 2½-year-old data would not color the thinking of this committee.

As I see the National Center and try to relate it as a businessman, it sees that the purpose in business is narrowing something like this; we spend money developing new products, we then offer those products to the public. If they don't buy them we drop them. We need the National Center to assist in the development of products, that prevent child abuse and neglect and have those that work implemented and financed by State, local, and private agencies.

This may be a little far out, Mr. Chairman, but I think there is a way that could help. As a businessman and as a reasonably affluent individual, which I agree with you is becoming an endangered species, I have come across the concept where people are trying to maximize their income, unfortunately not by increased productivity but by reduction in taxes.

There is a whole new concept out there called the pure tax shelter. By definition, a pure tax shelter means you throw your money down a hole, you not only don't expect to make any money out of the investment you don't even expect to recapture the investment. But the tax incentives are such that you can get $2, $3, and even more dollars of instant write-off for every $1 invested. It would seem to me that it might be time we take some of those tax incentives and apply them to what are now federally-funded programs. That for a period of time, a charitable trust or a national organization or State organization takes on what was formerly funded by the Federal Government for a period of time funds donated to that cause could be deducted at higher rate than the one for one normal tax programs.

It seems to me the Government can emphasize or put emphasis on almost anything either by spending the money itself or giving people the motivation and incentive to spend it on worthwhile programs themselves.

But we need to buy some time, to get from where we are to where we ought to be.

Thanks.

[The prepared statement of Mr. Forte follows:]

TESTIMONY OF
EARL A. FORTE, PRESIDENT
METRO DIVISION
COMBINED INSURANCE COMPANY OF AMERICA
VICE PRESIDENT
NATIONAL COMMITTEE FOR
PREVENTION OF CHILD ABUSE

April 23, 1981

My mission here today has caused me considerable conflict because I find myself part of a special interest group and initially this made me somewhat uncomfortable.

As a conservative businessman, I endorse the goals and approach of the Reagan Administration wholeheartedly. There really isn't any question but what many government programs should be severely reduced; many should be discontinued, and perhaps virtually all should share in the overall government reduction in spending objectives.

Forgive me for a much used, trite phrase, but when we talk about discontinuing the National Center on Child Abuse and Neglect, we really are "throwing the babies out with the bathwater." I believe if we do not have programs on a national basis to do something for our children, future administrations will be trying to solve adult problems long after the current administration is dead and gone.

As I mentioned, I am in support of major reductions of Federal spending and the discontinuance of some programs. I do not believe, however, the National Center on Child Abuse and Neglect is one that should be discontinued at this time.

The dollars spent by the National Center are really not significant when compared with the overall Administration reduction goal. However, we do believe that even this budget should not escape the budgetary knife. We are merely asking that the patient be allowed to live.

The relatively small amount being spent at the Federal level has acted as a catalyst in bringing in money from the state, local and private sector -- money to be used in the solution of the nation's child abuse problems. If this law were to die and the Federal spotlight on the problem to die with it, the message conveyed to State, local and to the private sector would be that the Administration does not consider the abuse of children to be a national problem and would tend to diminish concern at every level.

The block grant approach may be appropriate for most programs and perhaps even in the area under discussion, but if the National Center is abandoned, there will be no assurance that any of the block grant funds would find their way into child abuse and neglect programs, and I think we can safely assume that no funds would be available for prevention and research. State and local governments have their hands full just putting bandaids on the hurts after they happen.

It would seem to me when given the statistic that up to 90% of the inmates in our penitentiaries were abused children, that this gives us an opportunity to get out in front of a problem that is second only to inflation on the minds of most Americans -- crime! It affects every segment of the nation, particularly the business community. If there is a link, and there seems to be, between future crime and current child abuse and neglect, where better can we spend our money than for future generations?

I believe the private sector, given some time and some knowledge, can take on most of the burden, even at the national level. The private sector must first become fully aware of the cause and effects of child abuse and what can be done about it before significant private funds can be developed. As a fundraiser for a privately endowed national organization addressing itself to child abuse, however, I can say it is getting easier. The Federal Government, on the other hand, must help in making the public aware that there is a national problem, rather than backing away from it.

Not many years ago, a non-professional like myself was totally unaware of this problem. We read in the newspaper of the occasional mother or father who had beaten their child to death, but we wrote them off as "crazies." Unfortunately, these things happen everyday. The real issue, however, is where does discipline of a child by a parent end and abuse begin? That is where we need the education. People can solve problems when they are aware of the problem and when action programs that work are available to them. The development of those programs is the mission of the National Center. People will volunteer their time and their money when they know what is wrong and how to fix it.

It is time to implement what we already know -- spin off as separate, privately funded entities, those programs that work to state, local or private agencies. A case in point is Parents Anonymous, a very cost effective program. It is peer helping peer - volunteer groups within the community. With some time and assistance, Parents Anonymous, currently primarily funded by the National Center, could go it alone as a separate, privately funded entity. But it needs time and assistance in making the public aware of what they do and their needs. If support is not then forthcoming, the people have decided to live with the problem and, I suppose, that is their prerogative.

If I might take just a moment to tell you why I am personally involved, it may make my position on this matter more clear. After I was made aware that a million of our children a year are abused, and thousands die each year from child abuse, I suddenly realized that thousands of dollars had been spent educating me by local government, federal government, my parents and my corporation to make me a more effective executive, but to my knowledge not a penny was spent in preparing me for my most important mission in life -- the raising of my children. We now spend millions of dollars teaching our kids how to have children, how to prevent them, but very little on what to do with them once they do have them.

We need a national level to promote education in our school systems, hold conferences to swap knowledge, nationally, and to evaluate programs so that those that work can be expanded and those that don't can be eliminated, and to see that research continues.

The amount of money spent is not the issue. The issue is that the emphasis be continued at the national level, or the progress that has been made since 1974 when the Act was first made law could be lost forever in a matter of months.

I am fully aware that some two and a half years ago the General Accounting Office had some negative things to say about the National Center. Those issues have been addressed and remedied since that time, and I would hope that two and a half year old comments would not color anyone's attitude.

As I see the National Center and try to relate its purpose to business, the scenario would go something like this: In business, we spend money developing new products. We then offer the product to the public. If they don't buy them, we drop them. We need the National Center to assist in developing products that prevent child abuse and neglect and have them implemented and financed by state, local, and private agencies.

A way that could help . . .

Businesses and affluent individuals are constantly looking for ways to maximize income through reduction of taxes. A whole new concept called the "Pure Tax Shelter" has developed. By definition, a pure tax shelter is one in which you really never expect to get a return on your investment or even recapture your investment, but because of tax incentives, in some cases running as high as $2.00, $3.00 and more for each dollar invested, the tax income consequence is very positive.

Why not consider giving some of our worthwhile currently Federally funded projects the same kind of treatment. If people are willing to throw their money "down a hole" because of tax implications, why not "throw" the money at some of our currently Federally funded programs. Why not allow a specified amount of money for a specific period of time, given to a privately funded organization that is taking on programs currently Federally funded, the same kind of tax treatment as the pure tax shelter?

This could not be done for new charities starting, but would be granted to current national organizations or state-wide organizations who could take on government funded projects with proper up-front funding. This could be accomplished by allowing special tax write-off advantages to the donor of funds given to these institutions during a three to five year start-up period.

It seems to me that government emphasis can be put on almost anything either by spending the money itself or giving the people the motivation to spend it themselves on these worthwhile projects.

Thank you.

Senator **Denton**. Thank you very much, Mr. Forte.

Dr. **North**.

Dr. **North**. Thank you, Mr. Chairman, and the subcommittee for letting me do this. I have wanted a soapbox to do this for 2 years and this is the first time I've gotten one and you are going to get soap.

I am a doctor. I am not a politician, whatever that is. I am not a bureaucrat. I have just got my voice back from an automobile accident and hemorrhages, so if it doesn't come across, holler, and I will try to do better. I don't have much voice yet though.

I am the guy that treats them, and I am the guy that sees them, and once in awhile I am the guy that buries them. This is what I want to talk about.

I talked with Mr. Dyer about what it was that I was supposed to speak, and I ended up with the idea that I was supposed to to give an opinion about the Abuse Act, (Child Abuse Act) and talk about block grants just a little bit. I am not going to read you anything. I won't give you a dissertation. I will just talk to you about it because I want you to feel where it is coming from and it is coming from deep within me.

I think the act, the Child Abuse Act, has done a lot of good things. I think it has made the States get off their dead ends and get out there and require that child abuse be reported, and they have passed laws to protect the people that report it. They have required many things in the States and this is good.

I think the act brought about a great deal of awareness, and I think that is good. Awareness goes just so far, though, and then you have got to do something about it.

I didn't know until a few days ago that 1 year ago the Comptroller General's Office of the United States reported to Congress regarding this act, and the bottom line after their study was "The act is not doing the job."

I think the act has accomplished a great deal, and has made a tremendous amount of progress in the child abuse field, but I don't think it has addressed it by any means adequately, and the way it is written now either it won't address it or they are going to have to pay more attention to certain paragraphs in that act and implement them, which they have not done, so far.

I think the thing that bothers me is, when you read this act, you see mostly words like "compilation" "analysis," "publishing," "summarizing," "research," "training seminars," "studies," "goals," "awareness," "objectives," ad infinitum. Somewhere in there we lost a child who is getting his brains beaten out, and we are not getting to him.

The National Center, which was created by the act, has got 17 research projects, 63 demonstration projects, 15 various grants to coordinate various agencies, 12 resource and training and analysis projects, 13 informational projects, 131 or more projects all pointing to one thing, and that is awareness.

By God, we are aware of abuse. Everybody in the country is aware of child abuse. So when do we say, OK, we are really aware of it, now let's do something about it. Because the Center admits they are getting over 2,000 inquiries a month. So they are getting inquiries, and I guess they are saying, "we are still doing research, and we will get to you after we do the research."

Well, the reason I got into this is that we of the National Exchange Club decided we wanted to do something about child abuse, and we ran into turf; the turf is tall, the turf is green, sir, and we ran into bureaucracy I couldn't believe. Here we offered on a silver platter a proven programs and we couldn't sell it. You thought I was going to read this big green book here, but this is not my statement. Do you know what this is? This is the fourth time this has been revised, and this is our submission for a title XX proposal for a service contract with the Department of Social Services in the State of Mississippi. That is what it takes, and it has been 6 months in the doing.

Do you know how many children got hurt and killed in the 6 months it took us to write this fool thing up? I could tell you. There it is. We still don't have it approved. It will take us 2 more months for approvals of the social services, and by their finance and legal departments. If they don't kick it back a fifth time, we might put in a center in Mississippi. But that long procedure just won't get it.

We work with an organization called SCAN. This is an acronym for suspected child abuse and neglect. You talk about what is being done about child abuse. I'll go back a minute. The awareness programs bother me. The money given has been given not so much to private organizations as to such as hospital groups or groups working with them. I wonder how you work up so much research on children when you are not out there working with the children. That is what bothers me, because there is not that much being done directly for the child.

There are some good programs. Unfortunately, most of the programs we run into are State programs, and when you get into State programs they don't want your help. Everybody who knows, Mr. Forte knows, that if you work properly with an abused child or family, a counselor works with maybe only two or three families, and yet we go into the State and they say, "Our counselors work with 40 families."

There is no way you can work with 40 families in child abuse. There is absolutely no way you can do it. We say: "Here it is on a silver platter, we have a program." They say: "We don't need you, we've got our own. You are just going to duplicate."

They treat 20; we can come in and treat 500. That's not duplication at all, that is getting something done. The SCAN people are 9 years old. They have been in Arkansas 9 years. They have 15 units. They have treated over 18,000 cases. They have had like 20 repeat second abusers, and no thirds, and only one death out of 18,000 cases; that is an unbelievable statistic.

So next I went to the National Council of Juvenile and Family Court Judges. These are the judges who sit in these courts, and they said: "We don't believe it either." So Exchange paid their way, and they went into Arkansas and looked at the program, and they came out with the most beautiful approval; they said: "these people do it."

This gentleman's (Mr. Forte's) executive director was the head of Berkeley Planning Associates in California (Mrs. Cohen), and through HEW investigated our program for 3 years, and came away and put on paper that we had the most cost-effective program they have ever seen and that we get results with it.

Here we sit with a program that we can't even get rolling because we can't get through the bureaucracy. As for the act, it has one paragraph that tells you some of this $30 million was supposed to go to private organizations and private people doing sustained productive work. I haven't been able to find, although I am sure there are some, but in travelling all over this country (and I made 150 trips around the United States in this last year) I have yet to find one private organization that isn't tied up with some hospital or some group or some State or something like that. And we are not getting it to the kids at all.

The delivery room study, which was a study made under a grant from this act's national center, said that in a lifetime, if you are an institutionalized damaged kid, it costs $200 thousand to $500 thousand for that one child.

In Arkansas, under the SCAN program, in 9 years of experience and 18,000 cases, the cost to the State per-client-per-year is $136-per-client-per-year. This is unbelievable. But here we sit with a program like this, and we are having problems. What I am trying to say about this thing is that I am not indicting the public services. In the State of Mississippi, and my hometown of Jackson, the capital city, they are not getting the job done either, but it is not their fault.

They don't have the people or the money. It is not their fault, so we say, "OK, we will come in and help." They have seen the light, and if this thing goes through we will come in and do it.

Now, my feeling about the act is that I think we do need an act. I think this act has done its job up to a point, but it's done all it's going to do with what it has here. Unless they revise it, unless they change it or make it easier for proven programs from the private sector to get a hold, we are at a standstill. While all these people do all this research work, and while they give the seminars and accumulate statistics like this, someone is still beating the children to death. We in Exchange Clubs are dealing with people who can go out and stop that. We have one center open, nine more ready, and over 200 applications from all over the United States to open Centers for Prevention and Treatment of Child Abuse.

We don't go in and set up and say: "We are here to run child abuse in your State." We go in on a purchase of service contract through the social service program, and we work directly under them. But we run into the law. You see, the law says protective agencies must investigate. So they don't want you to investigate with them. And after they investigate, maybe they will assign you a case and maybe they won't and our people have 8 years of training.

If anybody wants statistics, sir, if anybody wants anybody to sit with the committee for 1 day or 2 days and teach them what they have been trying to put together in theory for years, they ought to talk to SCAN people who have done it for 9 years; they can tell you in 2 days what you are spending millions to try to find out. We have 9 years, we know why it works, how it works, and we've proven it does.

I am not selling this; you can't write a letter, and make SCAN nationwide; I know that. It is simply an excellent example of what I mean when I say that the act is not addressing the child at the bottom who is getting beaten. They are addressing theory.

Now, the block allocation of funds. I think everybody has to cut back. What you said this morning touched me deeply because I know you feel that. I followed your career. This country is in terrible trouble, and if Russia punches a button they very well could kill fat, well fed, very comfortable people, and this is dangerous. We all have to lose some money in this field in order for the country to survive, but when you stop allocating money where it is needed and take a big hunk of money and give it to the State and say, "Do what you want," you will be in trouble.

First of all, we will lose the child abuse program. We don't have a lobby, no money; we don't have influence enough.

If you come into the State of Mississippi—I will pick on my State—and you say "here is $100 million," the first thing that will happen is that probably someone like the retarded people, who have a lot of money and a lot of lobby (I pick them, I have nothing against them; I started a school for learning disabilities; I care about all these people; I run a school for them), the people with the money and the pull and the people with the political touch and the people with the clout, the people with the lobbies, are going to go in there, and, politics being what it is, they are going to get all the money and we are not going to get enough—not just us, there are a lot of little fellows that need it too.

The minute we give the State a block unallocated grant, child abuse is gone, and what you have done and we have done is going to slide and we will have to start all over.

I believe, and I heard it said somewhere this morning, that this program has no business being a Government program anyway. This is a program for people, it is for "us." There is no reason why we can't go out and raise enough money from public domain to do this with. Our problem is getting off the ground. For example, the Exchange Club. We plan to fund our program, and use title XX if we can for the first year or so to get our program off the ground. We have been all over this country saying, "Hey, you get something going, and then come to us and we will give you money."

The Exchange Club doesn't plan to live on Uncle Sam forever for this support. We have to use it as a temporary crutch for a couple years and we need it, but from that point on we plan to get it from the private, public domain. This is a problem for the people who abuse the children, and the people who live next door . . . people who care; it is not in essence a governmental program.

However, if there is going to be money for these things, it does not need to be thrown to the wind. It needs to be allocated. If everybody takes less, we will take our share of the less, but allocate it.

The two things we need to do, we do need to keep title XX going for awhile if we can. The other thing we need to do badly is to support on-going programs, support programs that are proven and on-going, and I am going to finish with something I want to read to you. I didn't write this, SCAN didn't write this, I am not sure God didn't write this because it came from somewhere special. I want to read you something:

> I was hungry and you formed a humanities group to discuss my hunger.
> I was imprisoned and you crept off silently to your chapel in the cellar to pray for my release.
> I was naked and in your mind you debated the morality of my appearance.
> I was sick and you knelt down on your knees to thank God for your health.
> I was homeless and you preached to me about the spiritual shelter of the love of God.
> I was lonely and you left me alone to pray for me.
> You seem so holy, so close to God—but I'm still very Hungry and Lonely and Cold.

That is where I think our abused children sit today, and thank you very much for listening, sir.

[The prepared statement of Dr. North follows:]

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STATEMENT OF

EDWARD R. NORTH, JR., M. D.

PRESIDENT, THE NATIONAL EXCHANGE CLUB FOUNDATION

FOR THE PREVENTION OF CHILD ABUSE

CONCERNING

CHILD ABUSE PREVENTION AND TREATMENT ACT OF 1978,

AS AMENDED

APRIL 23, 1981

3050 CENTRAL AVENUE / TOLEDO, OHIO 43606 / (419) 535-3232

Mr. Chairman, Members of the Subcommittee, I am Edward R. North, Jr., M. D., President of The National Exchange Club Foundation for the Prevention of Child Abuse. I would like to thank you for the opportunity to testify before this Subcommittee.

I would like to comment on two aspects of the problem of child abuse.

First, the Child abuse Prevention and Treatment Act of 1978, as amended. The only question that should be asked after 3 years of existence of this act is whether or not it has adequately or effectively served the prevention of child abuse. My personal answer, as a Doctor who sees the battered bodies of children and as President of a Foundation dedicated to prevention of child abuse, is a resounding "No".

The Act as written is heavily oriented toward "compilation, analyses, publishings, summarizing, research, training, studies, goals, awareness, objectives", ad infinitum. The National Center, as created by the Act, has put together 17 research projects, 63 Demonstration projects, 15 various grants to coordinate various agencies, 12 resource and training and analysis projects, 13 informational projects, 131 or more projects, none of which actually get to the abused child. Yet the center admits they receive 2000 inquiries a month from the general public concerning suffering children.

There is written into the act grants to "public and non-profit private agencies and organizations". Unfortunately, these grants appear, as far as I can see, to go to institutional or bureaucratic groups in hospitals or teaching institutions and the like, rather than to truly "private" agencies.

As an example of a truly "private" organization, I offer you our National Exchange Club Foundation. The National Pxchange Club is 70 years old, the oldest National men's Service Club in the Nation. We formed our Foundation, and we contracted with SCAN America(Suspected Child Abuse and Neglect), a Foundation domiciled in Little Rock, Arkansas, to organize and establish prevention and treatment centers for Child Abuse all over the country. We have been joined by The National Council of Juvenile and Family Court Judges in this effort. SCAN has been evaluated for cost effectiveness and for quality of results for three(3) years by Berkeley Planning Associates of California, contracted through H. E. W.(Health, Education and Welfare), 1973-1976, and was declared by them to be the most cost effective program they have ever seen. They also verified the results of the program. The Denver Delivery Room Study, conducted under the grant from your own National Center, concluded that an abused child if institutionalized for life would cost from $200,000.00 to $500,000.00 in that lifetime. In Arkansas, under SCAN, today, the cost to the State per client per year is $136.00!

In 9 years, SCAN has handled over 18,000 cases. There have been very few second time abuses, no thirds, and only 2 deaths. The National average time an abused child spends in foster homes is 4 to 7 years. Under SCAN, that time is reduced to 6 months!

The National Average number of abused children put in foster homes is 40-plus percent. Under SCAN, 3 per cent! We have a program that needs and deserves assistance, but the turf and the bureaucratic stumbling blocks we've met have been shocking and unbelievable!

Mr. John A. Calhoun, Chairman, Advisory Board on Child Abuse and Neglect, wrote, in May 1980, in reference to the present Act: "while the primary focus of this plan is on Federal activities, we wish to emphasize that child abuse and neglect can only be prevented and treated when States and Communities organize, coordinate and carry out necessary preventive and child protection programs. The Federal role is to enhance local program capacities and to facilitate community prevention and treatment activities". I couldn't agree more. I just don't see much productive effort being expended on "local" or "community" or "private" programs.

Mr. Cesar A. Perales, Assistant Secretary for Human Development Services, wrote, on 2 December 1980: "A Major problem associated with child abuse and neglect is the large and growing size of the workloads of the public agencies mandated to receive and investigate reports and to provide necessary protective services for endangered children". He is exactly right. No one indicts public agencies, because they don't have the money or the personnel to function at full efficiency level. Nevertheless, regardless of the reasons, they cannot and do not get the job done, yet they resist mightily any attempt by "outside organizations" to come in and give them much needed help. Thus, I say again that the present Act is oriented too heavily toward bureaucratic and theoretical ends, and is missing the boat in the public domain field where there are already proven, successful, effective on-going programs right in the child's home and world that need investigation and support.

My second field of comment concerns the proposal by President Reagan that the present system of allocation of funds to many various agencies be done away with, and instead that each State should be given a block grant from which the State would allocate as it saw fit to agencies requesting aid. I support the President's program for cut-backs, and feel all of us will have to take our share of the loss of funds, but I am strongly against block grants to States. I'm concerned that the cause of child abuse would lose ground and lose focus in such a program. There are so many different programs involved here, some large, some small, some with political clout and strong lobbies, some rich and some poor. Under a block grant system, the game would become "political football", and only the sharks would survive. The little fellows would never have a chance to grow and develop. We continue to need Title XX Funds. We must continue to support effective on-going programs. If we hope to help the children we're all so concerned about, we must not do anything that will pull the rug out from under them.

The best way I know to emphasize what I'm trying to say is to read you something we keep before us at SCAN and in the Exchange Club:

I was hungry and you formed a humanities group to
discuss my hunger. Thank you.

I was imprisoned and you crept off silently to your
chapel in the cellar to pray for my release.

I was naked and in your mind you debated the morality
of my appearance.

I was sick and you knelt down on your knees to thank
God for your health.

I was homeless and you preached to me about the spiritual
shelter of the love of God.

I was lonely and you left me alone to pray for me.

You seem so Holy, so close to God--but I'm still very
Hungry and Lonely and Cold.

Thank you!

Senator Denton. Thank you very much, Dr. North.

Mrs. Quinton.

Mrs. Quinton. Thank you very much, Mr. Chairman.

I am very privileged to have this opportunity to appear before you about the adoption opportunities part of the child abuse and neglect legislation that these two gentlemen have just spoken about. I plan to talk about the 10 regional adoption resource centers and the national projects that were funded or designed in order to implement the adoption opportunities program.

This legislation was passed in 1978, because of the 100,000 children in temporary foster care who could not return to their biological families and who were not being placed in permanent nurturing adoptive homes. These children are either school age, or handicapped physically, emotionally, or intellectually or one of a family of brothers and sisters who should be placed together or children of minority background. That is, black, Hispanic, or Native American children.

Some of the children have a combination of several special needs. These are the children now needing adoption services. Adoption services geared to the placement of healthy white infants do not meet the needs of this new adoption population. One of the major problems preventing their placement in permanent families is that the public and private agencies do not have the know-how and resources to work with this totally different group of children and with the families who want to adopt them. This new adoption-special needs adoption requires a completely different approach and technique.

The Adoption Resource Centers were established to meet this need. The centers were designed to provide technical assistance to agencies, to gather and share the latest training materials, to analyze practices, and to know what works and doesn't work in order to find families for these children.

If the funds for our program are included in a block grant to the States, each State would be forced to gather all this information and resources themselves. They would have no one to turn to for consultation and training. What is more likely to happen is that States will not upgrade adoption services to these youngsters. They will spend scarce resources on direct staff and the children will not get adopted. They will remain in expensive, unstable "temporary" foster care with huge costs in terms of money and human potential.

The average cost of maintaining a child in foster care is about $3,000-a-year. If the average age that an older child is adopted is 10 years, that child would have remained in foster care another eight years or until he was 18. Therefore, adoption saves the State $24,000 in foster care costs for one child. At that rate, the placement of less than 12 children a year would pay for the cost of operating the Resource Center for 1 year.

These are very conservative figures as many handicapped children are adopted at an earlier age, therefore saving more foster care money. Also, some of the children are in residential facilities costing a minimum of $10,000-a-year.

For all these reasons, cost savings, the need for a central source of new information and most importantly the need for these youngsters to belong to a family of their own, we urge you to reauthorize and refund the adoption opportunities legislation, Public Law 95-266, as a separate program.

I have outlined a number of the things we have done during our 18 months in operation, but in the interests of time I will not read all these. I would be glad to answer any questions about them.

One of the things that we have done which is very visible, we have helped two States, Maine and Vermont, develop this listing book as it is called. It is a book that adoption agencies are now using which shows pictures of the children who need families. There is a picture and a writeup.

With our assistance these two States have been able to get this book together and in a short time that the book has been in circulation for just about a 3-month period. There have been something like 13 children in the book and 10 of those children have already found permanent adoptive homes, and I will be glad to show this to you.

The average age—I don't know what the average age is, but there is a brother and sister in here 12 and 13, and children with different special needs. It is a very effective method of finding parents for children. It is just one of the many things that we have done this year.

We have also worked very closely with the national projects, there are a number of national projects that are part of this adoption opportunities legislation that are outlined in my written testimony.

In summary, the purpose of this legislation is to increase the number of children with special needs placed for adoption.

The techniques needed are designed and the Resource Centers are a source of this information. Because of the information that we have available and the knowledge that we have of the six States in the New England region, we can confidently predict a 10-percent increase in the number of these children placed for adoption by the end of our 3rd year, that would be 1981 statistics. Ten percent of the 840 children that were placed in 1979, would be 84 children. And the $24,000 that each child costs the State for the 8 years he would remain in care, the total savings for these 84 children placed would be $2,016,000. As you can see, it is a truly significant figure and I think that I am being very conservative when I am talking about the numbers that, adoptions can increase. I am talking about one center and there are 10 centers around the country and some of those regions have a much bigger population than we do. So at that rate, we are talking about a lot of children getting permanent families and a huge cost to the State and Federal Government saved.

Thank you.

[The prepared statement of Mrs. Quinton follows:]

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Serving Connecticut, Maine,
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Rhode Island, Vermont

P.L. 95-266
Child Abuse Prevention and Reform-
Adoption Opportunities Act

Testimony Prepared for the Subcommittee
on Aging, Family and Human Services of
the Senate Labor and Human Services Committee

Washington, D.C.

April 23, 1981

Sponsored by the Massachusetts
Adoption Resource Exchange, Inc.

I am Jane Quinton, Executive Director of the Region I Adoption Resource Center which is sponsored by the Massachusetts Adoption Resource Exchange. I am priviledged to have the opportunity today to give testimony before this distinguished Subcommittee on Aging, Family and Human Resources on Title II of the Child Abuse Prevention and Reform-Adoption Opportunities Act of 1978. I plan to talk about the 10 Regional Adoption Resource Centers and the national adoption projects that were designed to implement the Adoption Opportunities legislation.

This legislation was passed in 1978 because of the 100,000 children in temporary foster care who could not return to their biological families and who were not being placed in permanent nurturing adoptive homes. These children are either school age, or handicapped physically, emotionally or intellectually or one of a family of brothers and sisters who should be placed together or children of minority background. Some of the children have a combination of several special needs. These are the children now needing adoption services. Adoption services geared to the placement of healthy white infants do not meet the needs of this new adoption population. One of the major problems preventing their placement in permanent families is that the public and private agencies do not have the know how and resources to work with this totally different group of children and with the families who want to adopt them. This new adoption-special needs adoption-requires a completely different approach and technology.

The Adoption Resource Centers were established to meet this need. The Centers were designed to provide technical assistance to agencies, to gather and share the latest training materials, to analyze practices, and to know what works and doesn't work in the placement of these special needs children. Only a regional resource, specifically geared to the transfer of this new technology, can accomplish the task.

If the funds for our program are included in a block grant to the states, each state would be forced to gather all this information and resources themselves. They would have no one to turn to for consultation and training. What is more likely to happen is that states will not upgrade adoption services to these youngsters. They will spend scarce resources on direct staff and the children will not get adoptive placements. They will remain in expensive, unstable "temporary" foster care with huge costs in terms of money and human potential. The average cost of maintaining a child in foster care is $3,000 a year. If the average age that an older child is adopted is 10 years, that child would have remained in foster care another 8 years until he was 18. Therefore, adoption saves the state $24,000 in foster care costs for one child. At that rate, the placement of less than 12 children a year would pay for the cost of operating the Resource Center for one year. These are very conservative figures as many handicapped children are adopted at an earlier age therefore saving more foster care money. Also, some of the children are in residential facilities costing a minimum of $10,000 a year. For all these reasons, cost savings, need for central source of new information and most importantly the need for these youngsters to belong to a family of their own, we urge you to reauthorize and refund the Adoption Opportunities legislation, P.L. 95-266, as a separate program.

What have we done with our federal grant during our year and one-half in operation? In order to give you an idea of how the Adoption Opportunities Program is working, I will outline briefly some of the consultations, resources and training our Center has provided to the six New England states during this time. All 10 Regional Centers have the same objectives and are providing many of the same services with some differences due to regional needs. I will focus on the Region I activities as I know them the best. However, each Center's capability is greatly enhanced because of the sharing of information that goes on among all 10 centers. We share quarterly reports, newsletters and information on special projects so that resources are increased ten-fold. During this first 18 months our Center has performed the following activities:

- Held workshops in four states to identify resources and needs to begin to plan strategies to have more children placed in adoptive families.

- Produced a Resource Directory containing information on all adoption agencies and related groups in the Region.

- Distributed 300 Directories.

- Analyzed adoption agency practice in the Region. Learned that there are 22,000 children in the care of the public agencies in the six states. 840 or 3.8% of these children were placed for adoption in 1979. Public agencies spent between 1 and 4% of their total budgets on adoption services.

- Established an information clearinghousecontaining 977 printed items and 74 audio-visual items. The total number of printed items disseminated during the last three months was 3,664.

- Provided consultations on designing adoption programs, assessment and preparation of families seeking to adopt, purchase of service systems, cost effectiveness of adoption, working with Black families, adoptability of children with developmental disabilities and much more.

- Trained 35 adoption supervisors, managers and workers from the six states on special needs adoption and leadership skills. A training the trainers model was used and each participant is expected to train at their own agency or improve adoption service delivery in some way. This was a comprehensive three-week training package.

- Held training workshop on the following topics: recruitment of families using marketing techniques, pre-placement training of adoptive families, use of adoptive families in an adoption process, recruitment of Black families, working with ambivalent biological parents, and techniques of working with children needing adoption services.

- Established committees in each of the six states to address court related barriers to the adoption of special needs children.

- These six state committees are each sponsoring a spring training session for Judges, lawyers and social workers to address these issues.

- Awarded $23,000 to 10 adoptive parent groups to enable them to assist the agencies in getting children placed. Projects included recruitment, pre and post placement support services and information and referral.

- Assisted two states, Maine and Vermont, to begin an Adoption Listing Book.

- Enabled adoption Exchange personnel to meet on a regional basis to develop an informal regional Exchange network.

- Established a subcommittee of the Center's Steering Committee to address the adoption of Black, Hispanic and Native American Children. This group is planning a conference for the fall of 1981 for agency administrators and workers to look at issues affecting the adoption of these children.

The Center has worked very closely with the national projects funded by Adoption Opportunities. These projects include:

National Adoption Information Exchange System (NAIES). The design of this system is critical to the placement of children with special needs. The major strategy of the design is to develop local and state exchanges with less structured regional and national efforts. The NAIES project has helped us strengthen local and state placement of children with special needs by use of technical assistance from their staff or outside consultants.

Special Needs Adoption Curriculum Project. The University of Georgia has developed an adoption curriculum for use in the private and public agencies around the country. This is a week long training covering all aspects of special needs adoption. It is being field tested in four regions this spring, ours included, enabling 20 workers from the six states to receive this training. This project will then train public agency trainers in the use of the materials and make the package available to every public agency in the country. This will provide a desperately needed resource.

Interstate Compact Project. This project is designed to eliminate any problems in the interstate placement of children.

Homes for Black Children. Funded to disseminate the principles and techniques that made that agency so successful in placing Black children in Detroit.

COAC of New York City. Funded to increase the numbers of Hispanic children placed for adoption.

Association of Black Social Workers. Funded to disseminate information on the use of volunteers in the process of preparing Black families for adoption.

North American Council on Adoptable Children (NACAC). Funded to help develop and strengthen adoptive parent groups. This approach, TEAM, is designed to involve experienced adoptive parents in all aspects of any agency's program, from recruitment to assessment training and post-placement support. These groups are an invaluable resource to agencies to assist them in increasing the numbers of special needs children placed for adoption.

Information developed through these national projects is disseminated through the Adoption Resource Centers and increases our capability to assist the state agencies.

In summary, the purpose of the Adoption Opportunities legislation is to increase the numbers of children with special needs placed for adoption. This is accomplished by providing resources to the adoption agencies. A complete change in adoption practices from infant adoptions to the adoption of children with special needs has taken place during the last few years. Totally different techniques needed to be designed and the Resource Centers are the logical place to house and disseminate that information and to develop new methods and practices as they are needed.

Because of the resources we now have available and the knowledge that we have of the six states in the region, we can confidently predict a 10% increase in the number of these children placed for adoption by the end of our third year. 10% of the 840 children placed in 1979 would be 84 children. At the $24,000 that each child costs the state for the eight years he would remain in care, the total saving for 84 children placed would be $2,016,000.

We, therefore ask you to refund Adoption Opportunities as a separate program. That is the only way that we can continue to work for these children. The cost savings is significant and the cost in human lives is even more critical.

Senator DENTON. Thank you, Mrs. Quinton.

I will be asking Dr. North and Mr. Forte three questions and then three questions of Mrs Quinton.

Gentlemen, how effective is the current child abuse prevention delivery system and what role does research, demonstration, and prevention play in enhancing or complementing these services?

Perhaps we could start with Dr. North this time.

Dr. NORTH. I think it has served its purpose—I guess that is what I said before. I think it has served its purpose in getting information out. It has produced awareness and has produced a lot of changes in State laws.

I don't think it has done much, actually, for the child yet, and my feeling is that it is getting so bogged down in bureaucracy that it is leveling at the point at which it stands now, and I don't see how it is going to fight its way on down through that to get to the child.

Senator DENTON. You had mentioned a lot about research and demonstrations in your statement, and prevention. I don't think you would work with that so much.

Dr. NORTH. We work with prevention. We work mostly with treatment. We work with Parents Anonymous groups, with all the local agencies and the prevention groups, and we work with public awareness, trying to get people who think they might be abusers to come to us.

I think we are primarily more oriented to treatment.

Today, in this country, the national average time a child stays in a foster home, for example, varies, according to different authorities, from 4 to 7 years, and that is usually not one home. They move him around.

Under SCAN, the average time a child spends in a foster home is 6 months.

Because after you take the child out of the home, we prepare the home to put the child back. Foster homes and day care centers and this type of thing, they are not the answer. Those are alternatives. They are not the answer.

Another amazing statistic is that in child abuse cases nationally, a little better than 40 percent of the children are ending up in foster homes. SCAN's foster home experience is 3 percent, because we spend 20- to 40-hours-a-week in the home with these people, and work with the family to rehabilitate them as a family and keep them together as a family, and that is the beauty of the program. This is done with trained volunteers, under a professional staff with people with degrees in the field and experience in the field.

The act is not doing that. There is nothing in the act that is going to get that done, unless organizations like ours, or others who have something going, can be allowed to surface and be seen and picked up.

In our case, with SCAN, they sent someone for 3 years to look at the program, and we proved success to them, and they admitted that we had the best program in the country, but nobody came back to us. They took the information and threw it down a rat hole.

Senator DENTON. Mr. Forte?

Mr. **Forte**. Well, I guess where I come out is that there is a tremendous misunderstanding of the act, and I think I have probably shared that misunderstanding, but as I perceive it, it really isn't mandated to take action per se, to implement. It was designed to study the problem first and to make the public aware and make the States aware. As I mentioned, it is a pump-primer, and I think, looking at what has happened in the few short years of its existence, it has done really relatively remarkable things in that area with limited staffing and limited budget.

It certain had some deficiencies. Perhaps it hasn't flexed enough muscle. When you are working with States, there is a lot of reason not to flex muscles unless you really have it. So I think given time and given further support, and perhaps even clarify the mandate a little more that it can do much more than it has, obviously, but I think the last 2 years or so has seen it living up to its potential very nicely.

Senator **Denton**. Thank you.

Criticism has been raised as to the definition of child abuse and neglect, and that the child abuse and treatment statute is so broad that few parents would be not guilty under its terms. Do you think the language in the definition should be changed? Why, or why not, Mr. Forte?

Mr. **Forte**. Well, probably I am not really equipped to answer that, but I think one of the difficulties is trying to come up with a single definition, and it has really been left to the States under the act, too. You come up with a model, but you can't cast it in concrete. Some States waffle on the definition, because they really don't have the personnel to handle them if they don't have a pretty loose term of what is abuse and neglect.

I, coming from industry, believe in research and development, and evaluation. I believe that is the mission of the national center, to see that research is done and evaluate it, and then see that as best it can under its mandate, that the States adopt some model, at least some definition that that State is comfortable with.

I think there has been criticism by the GAO of the national center not putting out words in stone which says, "This is abuse," and "This is neglect." I don't think that is feasible at this time.

Senator **Denton**. How much research—I would like to ask all three of you a question, and it is not prepared and I am not going to state it very well, but it is a definite bias that I happen to have, and it has to do with changes, I guess, that occur in this Nation during a time when I was away from it for almost 8 years.

What would the three of you say, and I am going to ask you to be extremely thoughtful before you answer, about the cost-effectiveness and long-range results of a program which is aimed not at child abuse, although we can't ignore the problem, because it is there now, in the manner in which you all are discussing it, or programs aimed at alcoholic rehabilitation, drug addiction rehabilitation, crime, enforcement, rehabilitation of criminals—all of those things. If we undertook, without much money, but just with emphasis by attitude, perhaps, of government, and really without much law, to try to reinstill values which seem to have been lost regarding what is a human being, what beliefs, attitudes, and life styles are necessary to sustain a healthy institutional family in the

Nation and I have in mind new mores, new permissiveness regarding such things as promiscuity. Children who were the result of promiscuous behavior were referred to as the "second disease," the first being venereal, the second being children, and the cure being abortion.

I find that without any feeling of prudishness or selfnobility on my part, that this is not only obnoxious and unprecedented in our society, or in Western civilization, but the forest which we haven't bothered to see, which is the cause of all of these things, and we are not addressing it. We are addressing each symptom of the results.

And I ask you if you see that Supreme Court rulings, mores evident in movies, literature, television, which reaches almost all of our homes—I ask you if those attitudes presented as normal to our children, who become adolescents, and then future parents, or even present parents—if that genre should not be a major target for at least attention, because we did come a long way in that 8 years that I was gone, and it was a great shock to me, and remains one.

Yet, I see us throwing more and more money at more and more child abuse, more and more money at more and more drug addiction, more and more money at more and more venereal disease, more and more money at rehabilitation of people who really can't tackle the problems that result from traumatic divorces, and so forth. Kids, and adults aren't ready for this. It has never worked in any society before. It is not working in ours, and nobody talks about it. When I talk about it, I am made fun of.

How about you, Mr. Forte?

Mr. FORTE. Well, you know, the hottest thing going on in this building today is down on the first floor, the abortion hearings, and I am sure they would find them more exciting, perhaps, than these. I am not sure that the Federal Government can mandate a religious philosophy; I guess, that most of us at our age level, and I throw myself into that caldron, were exposed to.

Senator DENTON. The Federal Government mandated one when it said, "Rights endowed by their Creator."

Mr. FORTE. I stand corrected.

I think outside the framework—I happen to subscribe to a philosophy in addition to a religious philosophy espoused to by W. Clement Stone, called PMA, potent mental attitude. It gives you the courage to say no when you are a kid, that that is macho, too, and that can be taught. You can teach that without running amok.

How to be a person, how to cope with what you are confronted with, and I don't think we have done enough. I don't think there has been near enough leadership on the part of Government for this cop out that is religious, or separate church and State.

There are a lot of practical philosophies out there and you can live with.

Senator DENTON. The separation of church and State, the way that was written, I think it was that the Federal Government shall make no law respecting the establishment of a religion. At the time that was written, almost every colony in the United States had its own intense religion as the State religion, if you will, of that colony.

There was no question in the minds of our Founding Fathers when they wrote the Declaration and the Constitution that this was one Nation under God. The present interpretation of what is meant by separation of church and State is not consistent with the way they wrote the First Amendment.

Mr. FORTE. Senator, you and I know that this building and a whole bunch of them here in Washington are dedicated to law, and there are really only 10 of them.

So I would like to agree, I guess, with that, but I guess it is far more difficult than I understand.

Senator DENTON. Dr. North.

Dr. NORTH. How many people know about the Deluter law? When this country was originated, the reason children were taught to read was so they could read the Bible. That wasn't my answer.

Senator DENTON. Excuse me. Go ahead.

Dr. NORTH. I was just throwing that in. I have more answer. One of the beliefs of the Exchange Club is "One Nation under God."

Senator DENTON. I think all of our schools then were more or less religiously set up. The public school system came along later.

Dr. NORTH. I am already in trouble for what I have said about the act here today, you know. I know that. I am afraid I believe in punitive action. I do not believe in permissiveness. I think that the major problem in this country today is the fact that we have become so obsessed with the rights of minorities and the rights of the few that we have forgotten the rights of the many, which is the general American public, and I think this is what has happened.

I don't believe you should leave drug pushers alone because you are out for the big man. I believe if you put the pusher away for 25 years, the big man couldn't hire a pusher.

As long as we keep feeding innocent children up from the bottom into the rot at the top I don't think we can do anything more than we are doing now.

As a doctor, I know that criminals have a different philosophy than you have or than I have. Penologists say there is no place any more for jails. Baloney, in Jackson, we just had a policeman shot by a man who had escaped from a mental institution, who had shot a policeman and 12 other people before. He had no business being there.

When we allow pornography, and allow our children to grow up with this, and such thinking as that homosexuality is just another variation of normal, that crime is all right, we will never improve the situation.

If they start good, which isn't likely, because they are being raised by these people up here in the rot level, but if they start good, they are going to get lost along the way. I think we need to be punitive at the top, so that when a child looks from where he stands at the bottom and says, "Boy, if I do that, I am going to get nailed for it," he'll think twice about it.

Then he will have respect for the law, and then we sneak in on him with God and morality and integrity and all that, because children are sponges, and you can give them that. But you can't feed a child garbage from the bottom up and have him be anything but garbage.

A real criminal cannot be rehabilitated. Medically, only one drug addict in a thousand comes off and stays off. There is no program funded by you, me or anybody else that is going to rehabilitate a drunk or an addict, and you are pouring money down the same rat hole. You cannot do it.

Senator **Denton**. I don't think you meant to imply that too much emphasis is given to minority rights.

The only minority we are speaking of has no color or race, but the minority which is effective in guiding our policies now, which do not believe as the three of you think and as I believe, that self-discipline is necessary. In fact, luxury—I mean freedom is a luxury of self-discipine, and the only traditional source of that that has ever worked is some kind of belief that our Founding Fathers believed in, God, and accountability for our own behavior. I have not found any shortage of religious belief in that sense among blacks, Indians, or any other, and I am sure you didn't want to imply that.

Dr. **North**. I have nothing against a minority. What I mean is that if the country as a whole becomes so obscessed with individual rights and minority rights that the majority of the people——

Senator **Denton**. Which includes those minorities.

Dr. **North**. You said something else a minute ago, too, about nobody would ever survive. I have read there is a cycle where you start a Nation with absolutely nothing, and you build and put up the mud hut, and you get a horse and a buggy, and an automobile, and it is a circle, and it goes on and on. Then you begin to get fat and careless and complacent and sloppy. Three years ago, they ran a poll in this country, and 70 percent of the so-called Americans said "I would rather be Red than dead." Then you come down to the bottom of the cycle, and your Nation is gone, and this has happened to every Nation before us in the history of mankind and we have come right around here and we are right about here, and it scares me to death.

Senator **Denton**. Me, too.

Mrs. Quinton?

Mrs. **Quinton**. I think some of what happens to people starts in the family, and I don't know, this may be a little bit off what you are asking, but I would really like to see the Government take a more active role in supporting and directing family life.

You made a very interesting comment, and the one thing you never learn with all your education is how to be a parent, how to help your children grow and survive. None of us have really had the education for that. I think with all the money we spend, it is always after the fact. It is always with the problems, and we don't spend enough to straighten them out.

You know, any effort that could be made to strengthen families as a whole and enhance their ability to bring up their children so that they can have the kind of values and the kind of morals that we all would like to see.

When I think about the 100,000 children in this country who do not have families, I get very upset about it. It says something about this country's lack of interest in families and children, and then we wonder why we have the kinds of problems that we have, why the jails are full, why all this.

When we let these kids, with no parents—I'm sorry.

Senator DENTON. I have said this before in the hearings, that there are only two requirements according to H. G. Wells, and Toynbee, for civilization. One is agriculture and the other is family.

In this Nation, as in every other society, those families out there are like a lot of little hot houses in which are being bred not only future citizens, but future parents, and there is no substitute for the love and the value impartation which is carried on in those hot houses when they are healthy.

The health and the number of those hot houses is under a gross state of deterioration, and it upsets me, too, Mrs. Quinton, and I don't think we are addressing the problem. I don't think we are facing it.

Dr. NORTH. Could I say one word to Mr. Forte?

As a doctor, I believe in evaluation, too. In fact, I am going to fully evaluate the pain in your right lower quadrant, and look at your blood count, but after I evaluate it, I am going to take that appendix out, if it is hot.

Mr. FORTE. OK.

Senator DENTON. My last point to you witnesses: What programs funded by DHEW using the funds provided by title I have been very worthwhile and which projects have been useless?

You have already said, Mr. North, that you think research and so forth is pursuit of the mastery of the obvious, or the futile, but if you care to make any other comments, go ahead.

Dr. NORTH. I think it has served its purpose. I think it has done a beautiful job in serving its purpose. I think there is a limit to how far you can research.

Now let's do something for the child. I really don't know enough about all the acts, and I am not sure I am even answering you correctly. All I know is what we have been utilizing is the title XX, and the Exchange Club itself doesn't get into title XX. The Exchange Club is the oldest national mens organization in this country. We are 70 years old. But when we set up the board of directors of a SCAN center, they apply for title XX, so our national organization does not get into it.

But the title XX money has been the saving thing for us, and I hope will continued to be for a little while yet until we can get the money elsewhere.

Senator DENTON. Mr. Forte?

Mr. FORTE. I think there have been several demonstration projects. I think Parents Anonymous goes down the tubes if this act goes. I think the programs that Dr. North is involved in are not really primarily prevention. They are still doing something about their hurts that has to be done, but I think something has to be done to learn how we can prevent it.

We are still building the implements and devices to keep kids walking, but maybe Sabin, or some doctor, is going to come up with some kind of prevention. Whether that—that obviously wouldn't be a vaccination, but out there someplace is the answer, and I think we ought to keep looking.

Dr. NORTH. It is a vicious circle, because abused children grow up to be abusive parents. The only way I can see now is to treat

100,000 children, and they grow up to be parents who won't be abusive. You are preventing it in a rather obtuse way.

Mr. **Forte**. I agree with you a 100 percent, but I don't see it as either/or.

Dr. **North**. We are a society, and society will not beat their children. That is what the Senator is saying, and that is tough.

Senator **Denton**. Mrs. Quinton, would you share with us some specific actions taken by the Adoption Resource Center that facilitated the adoption of more children from foster care into adoptive families? Can you cite those in the six states which are part of your center's efforts?

Mrs. **Quinton**. One of the interesting things we have done, we have been able to award money to adoptive parent groups. These are volunteer groups of parents who have adopted children and who support each other and also support agency programs. We were able to give a number of such groups in our region—we gave 10 groups—the sum of about $23,000, so that they could develop their own projects around whatever was going on in their State that needed assistance.

In Connecticut, the group there worked very closely with the State agency in order to screen people who were interested in adoptions, tell them what it was all about, get them interested, and once they had children placed with them, those other parents acted as a support network.

So by helping these groups, it expanded the agency's service, and we have seen a great deal of good come from this type of thing. They have done a lot of recruitment, they have gotten other families interested in it, and they have done a lot of work. A lot of the kids we are talking about have been, as the doctor said, in foster care for a long time, 4 to 7 years. And they have a lot of emotional problems, and they are not easy kids to deal with, because they don't trust the new family, and don't think it will be any different than other families they have had.

So the families adopting needs a great deal of support and other families that have adopted can do this.

We have helped a number of State agencies in designing their adoption programs. A couple of our States have recently reorganized so that they were wondering which way to go, or some of them were really not going anywhere with adoption, and we have been able to help them design a program that is going to get the children placed.

In addition to these request from agencies we trained about 35 leaders, social workers, from the region, who came from all six States, and it was a leadership training type of program, around adoption especially, and all of those workers will go back to their States and they are expected to train other workers or do something to improve the system that they came from.

We have a children and the courts project going on. We have committees to look at what some of the problems are in terms of the legal barriers, and all of those committees—one in Massachusetts has about 30 people on it. They are expanding the resources and we are enabling groups to get going themselves.

We see the center as a short term project anyway. We have a 5-year life. We are doing everything to get the system in place so that when we go, things will be the way they should be, and the citizen groups will be there too, you know, to lend their aid to the agencies, and the agencies will have a better sense of how to get these kids placed, so that these are some of the things that we have done.

Senator **Denton**. Very impressive.

What States have utilized your services the most and what assistance has been requested most often?

Mrs. **Quinton**. Well, they all have looked to us for assistance. I would say Rhode Island has used us quite a bit recently because we have helped them redesign their whole adoption service delivery.

Connecticut, also, we have done a great deal in terms of training and improving their service delivery.

There is a big controversy in service delivery, as there is a controversy about everything, about whether adoption should be done by a specialist worker, or whether the whole welfare practice should be done by a generalist, and we feel it is more effective to use a specialist.

We have been working with Connecticut and they have been shifting toward the specialist approach. Because of the changeover, Connecticut has had a 400 percent increase in the number of kids adopted. So they are moving in that direction.

Senator **Denton**. You are called the Adoption Resource Center, and I understand your focus is on hard to place, special needs children. Perhaps you were here earlier when I raised this question in another context.

Rather than wait until a child is in a foster home, do you think there is any practicality to the possibility of encouraging teenage girls, perhaps 13 years old, who are pregnant, with the intention of bringing their child to term, would it be efficacious to try to persuade that child, especially if she is in dire financial straits, perhaps quite uneducated, to put her child up for adoption; and is anything being done in that direction?

Mrs. **Quinton**. I hear what you are saying, and I think it has a lot of value. What we are concerned about, primarily, is getting the children placed, you know, the 10-year old, the teenagers, the kids with special needs. These children have been waiting a long time. I am very concerned about the issue that you mentioned——.

Senator **Denton**. Excuse me. I should say that there are so many parents waiting trying to adopt children, it seems so crazy to hear this thing about them waiting 10 years to be adopted, and they are paying $20,000.

Mrs. **Quinton**. The people who are waiting are waiting for babies.

Senator **Denton**. That is why I am asking the question, about getting them at birth.

Mrs. **Quinton**. As I say, that is not our particular mission, because we are talking about the kids who are waiting, but I have been very active with a group of agencies in the Boston area which are very concerned about this issue, also, and we have given resources to that group, because they are trying to do something about that to see if indeed these girls are considering adoption as a solution, or as an alternative, so that we have been working very closely with that group.

Senator **DENTON**. It is my understanding, and I want to be corrected by my staff if this is incorrect, that the adolescent pregnancy program right now does encourage a pregnant adolescent to bring the child to term, usually employing the gambit of encouraging the girl to seek vocational employment so that she can raise the child on her own, and things like that.

Would you find it objectionable to suggest by language that alters that program that they undertake to persuade the mother, prospective mother, to consider adoption as perhaps the best alternative, or the better alternative?

Mrs. **QUINTON**. Well, I certainly think that adoption should be put forth as an alternative, and much more information about adoption should be given to those girls.

Today, I think there is a lot of peer pressure for a young woman to release the child for adoption. The peers are very much against that idea. You know, giving away a child is looked upon as being a terrible thing to do.

Senator **DENTON**. And I think the statistic is 97 percent of those mothers keep their children, often with catastrophic social results for them and for the child.

Mrs. **QUINTON**. I agree. I think there needs to be a lot more positive—they need to hear much more positive things about adoption, and I think that is why we have gotten so involved with this particular group in the Boston area, because I don't think it is maybe offered enough. I don't think they should be forced in any direction, but I think they need to know the alternatives, they need to talk with the adoptive parents, and need to get a more realistic view of what that would mean for the child and a better idea of what their life would be.

Senator **DENTON**. I want to thank all three of you very much for your testimony.

Mrs. **QUINTON**. Thank you.

Senator **DENTON**. It is with pleasure that I introduce our next and final panel today, who will speak to the Native American Programs Act.

Mr. Edward Tullis, chairman of the Poarch Band of Creek Indians from my own home State of Alabama. Mr. Tullis is speaking on behalf of the National Congress of American Indians. I am very pleased to have you with us today, sir.

Father Theodore Zuern, associate director of the National Office of Jesuit Social Ministries; and is a consultant to the Bureau of Catholic Indian Missions.

I had some Jesuit education, Father, for which you don't have to accept responsibility.

They have a joke here, I am reminded of an inquiry made of a Jesuit. "Father, is it true that the Jesuits always answer a question with a question?"

To which the priest replied, "You don't really believe that, do you?"

[Laughter.]

STATEMENT OF EDWARD TULLIS, CHAIRMAN, POARCH BAND OF CREEK INDIANS OF ATMORE, ALA., ON BEHALF OF THE NATIONAL CONGRESS OF AMERICAN INDIANS; ACCOMPANIED BY RONALD ANDRADE, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS; AND WAYNE F. JUNEAU, STAFF RESEARCHER; AND REV. THEODORE ZUERN, S.J., ASSOCIATE DIRECTOR, NATIONAL OFFICE OF JESUIT SOCIAL MINISTRIES; CONSULTANT, BUREAU OF CATHOLIC INDIAN MISSIONS, A PANEL

Senator DENTON. Mr. Tullis, would you introduce your companions?

Mr. TULLIS. Thank you, Senator.

I have with me Ron Andrade, who is the executive director of the National Congress of American Indians, and with him is Mr. Wayne Juneau, who is staff researcher with the national congress.

I asked them to come with me today in case there were questions that needed more information than I have available with me. They are there to cover that.

Senator DENTON. Would you proceed?

Welcome, gentlemen. Would you proceed with your statement, Mr. Tullis.

Mr. TULLIS. Yes, sir; first of all, I would like to take a moment to tell you that on behalf of the Poarch Band of Creeks and a whole multitude of other people in the State of Alabama, I have had a number of expressions to relay to you on our appreciation for your being in this position of leadership that you have in the Congress and the fact that you have taken on responsibility and we support your efforts very highly and we appreciate your being here.

Senator DENTON. Thank you very kindly, sir.

Mr. TULLIS. As the Chairman said, my name is Eddie Tullis. I am the Southeastern vice president of the National Congress of American Indians, and serve as chairman of the Poarch Band of Creek Indians of Atmore, Ala.

The National Congress of American Indians is the oldest and largest national Indian organization in the country, compiled of over 160 tribal governments throughout the country with in excess of 400,000 members. As a result, we represent a majority of the Indians in the United States both federally recognized reservation Indians as well as some of those Indians who reside in urban, off-reservation areas, as well as in a number of rural areas in the United States.

Our membership is concerned with the reauthorization of the ANA program and the division of human services of HEW.

We are vitally concerned because this agency has provided tribes an organization with some of the first flexible money and innovative programs that have been provided to American Indians in a number of years. ANA has fostered efforts in senior citizens affairs, Indian welfare, and has been in the forefront of supporting those tribal groups which are in the process of complying with a new division of the Bureau of Indian Affairs project.

My tribe, of course, happens to fall in the category of one of the groups that is being helped by the Administration of Native Americans. We are in the process, as the Chairman is aware, of revoking that relationship with the Bureau of Indian Affairs, and it is through the efforts and financial assistance from the Administration of Native Americans that we were able to do that.

The national congress has supported for a number of years now, since its start, the Office of the Administration, we see the fact that this office has been able to direct its resources to address some of the problems that no other department of the Federal Government had the resources to address.

While we do support it, and while we support the reauthorization of it, there are three areas that we would like to go on record as having a comment on. Some of them will not be the most popular, I am sure, in these times, but it is something we feel needs to be brought to the attention of this committee and to the staff, and it is something that we appreciate the fact that you would look into.

One of them is that the administration has offered separate authorization for the ANA program. This we support very highly, and we feel that the Administration for Native Americans, is a section, I think, of the old EOA Act. We think it should be separated out for special authorization, because we feel this is a program that has provided services on a government-to-government relationship with tribal groups.

We would like to see it separated out so that people will begin to realize that it is providing services to American Indians, and that it can be held accountable to the services it is providing to American Indians. We support very highly the separation.

The next thing is that we are vitally concerned about the fact that though the administration has offered separate authorization for this, they have only offered it for a 2-year extension. While we fully concur in congressional review and congressional evaluation of programs, we feel that reauthorization for a two-year period puts a tremendous strain on the Indian tribes at this particular time, and one of the overriding issues for that is for the last couple of years, one of the real big items in American Indian communities has been to provide or to establish a planning process for those tribes, particularly in the area of economic development.

A lot of the small tribes are just completing their plans, or hired the staff planners who are looking at some of the 2-year or 5-year plans of some of the tribes. So we feel a 2-year extension of this legislation, while we certainly support that, we would like to see that extension so that those tribal groups will realize there is funding available for an extended period of time to try to implement some of the things that have been done in the last year or so.

We would like to see a longer extension of it, if possible.

The third area that we are concerned with is, and we all support the fact that the administration is seeking to address the economic situation in the country, we feel strongly that ANA has been one of the groups that has, in the past, not shared in the increases that the other departments in the Federal Government have. We realize that the administration is asking for a $28 million level for this office for the next year. We feel that it would be very detrimental to some of the smaller groups in the country if there is a reduction in their funding.

We realize that the funding level for ANA has been at $32 million for—$33.8 million —for a number of years, and it has not had an increase in its budget since 1974. We would like to see the office funded at the level that was projected for 1977, which at that time was $37 million. It was never raised to $37 million. We would like the staff to do some serious consideration, Senator, at whether or not a decrease in this small amount of money will have a significant impact in the Indian country.

Those are the areas that we feel we would like for you and the staff to look into, and we stand ready to provide some information to the staff and to try to encourage that evaluation of the ANA program.

I appreciate the opportunity to be here today, and we will try to answer any questions that either you or the staff may have for us.

[The prepared statement of Mr. Tullis follows:]

WRITTEN STATEMENT OF THE NATIONAL CONGRESS OF AMERICAN INDIANS (NCAI) ON THE NATIVE AMERICAN PROGRAMS ACT AND THE ECONOMIC OPPORTUNITY ACT OF 1964. BEFORE THE SENATE SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES, COMMITTEE ON LABOR AND HUMAN RESOURCES. (April 23, 1981)

The National Congress of American Indians (NCAI) is the oldest and largest national Indian organization in American representing over 160 tribal governments whose combined enrollment numbers over 400,000 Indian people. NCAI is vitally concerned with reauthorization for the Administration for Native Americans (ANA). This office provides support to tribal governments and to off-reservation Indian people throughout the Nation. The Administration for Native Americans, with a budget of slightly under $34 million, is the only non-categorical program within the Department of Health and Human Services (HHS) authorized to serve Indian people. This is out of a total HHS budget of over $200 billion dollars.

It is NCAI's understanding that the Administration has offered to sponsor legislation that will separately authorize Title VIII to allow for the continuation of ANA. The National Congress of American Indians unequivocally supports this position. The continuation of ANA is essential for Indian programs because of the flexible nature of its funding approach, and because ANA, originally the Indian division within the old Office of Economic Opportunity (OEO), was the first Indian office to provide support for tribally-designed and operated programs based on Indian-identified needs and priorities.

The ANA program is not only flexible, it has been creative and innovative as well as being highly cost-effective. ANA was the first Indian office to provide support for Indian-administered Head Start programs, for elderly outreach and nutrition programs, for programs to combat alcohol and drug abuse, and for the highly effective Community Health Representative outreach program. Since their inception, all of these programs have spun off or become institutionalized under other agencies and departments.

ANA has also been, and still is, a major source of support for tribal governments as well as for the governing bodies of other Indian groups and organizations. ANA provided the initial support for such tribal institutions as Indian Housing Authorities, for Health and Education Committees or Boards, and for Natural Resource and Environmental Planning Committees. Furthermore, many grantees use ANA funds for the planning and administration of other programs. And it is noteworthy that ANA, with the smallest Indian office budget, provides the greatest amount of training and technical assistance of any Indian office.

Another major emphasis of ANA is the design of its Urban Indian Program. ANA provides funds for "Core administration" to urban centers. Center staff assist urban Indian people with gaining access to general social service delivery systems provided by state and local governments and private agencies. ANA funds some 82 urban Indian centers for slightly over $5 million. The centers serve an excess of 200,000 urban Indian people and have generated resources well over six times ANA's urban centers budget. That is, the urban centers receive program grants from federal, state and local agencies for employment, health, education and other social service programs. The centers also operate food banks, health clinics, clothes closets, and provide other emergency services such as housing or temporary welfare services. This is done primarily with volunteer staff and public donations.

These are but a few of the reasons that Title VIII should be extended. ANA's program is flexible, innovative and cost effective, but more importantly, it has been and continues to be the forerunner in the implementation of Indian self-determination.

The extension of Title VIII is critical to the whole of the Nation's Indian population. ANA has as its constituency or service population federally-recognized tribes, a consortia of small tribes which would otherwise be neglected, state recognized, rural and urban Indian groups and organizations. Furthermore, ANA has been instrumental in assisting numerous unorganized and unrecognized tribes with becoming organized thereby helping them gain a sense of community and structure.

The Title VIII program is unique in its mission, in its history, in terms of the status of the people and communities it serves, and in its place in the present law. For all these reasons, the Native American Programs Act should be considered separate and apart from other legislation pending before the Committee.

Title VIII has a unique mission: to promote the economic and social self-sufficiency of Indian people and their communities. The dependency relationship between Indian people and the federal government is well known. So are the results of that dependency: a people with the poorest social-economic status of any group in the American population. ANA is the only federal agency that exists specifically to change this relationship from one of dependency to one of self-sufficiency.

ANA and the projects which it supports have approached this mission in three very important ways:

- First, by providing both tribal governments and off-reservation Indian organizations with the core funding with which grantees can build basic program delivery capability. ANA's funds are the "glue money" that enable grantees to successfully plan, implement, control and evaluate the services going to their constituents -- services provided almost entirely through non-ANA funds.
- Second, by providing both tribal governments and off-reservation Indian organizations with funds to fill the gaps in basic economic, community and human development services that have resulted from

the uncomprehensiveness of other programs serving Indian people.

- o Third, by giving tribal governments and other grantees an assured level of continuous funding that enables them to design their own solutions to their problems rather than having a distant bureaucracy impose a program on them.

ANA's approach to its mission of promoting self-sufficiency has, over the years, directly resulted in major breakthroughs in the ability of Indian organizations to meet the needs of Indian people. Beginning with its days within OEO, ANA was the first program to:

- o Provide resources directly to tribal governments that they could use at their own discretion. This was a step that led the way to the 1970 Presidential message on Indian self-determination -- a policy officially adopted by the Congress in 1974 as the Indian Self-Determination Act.
- o Recognize the unique problems affecting Indian people living outside reservation boundaries by creating an Indian-controlled service delivery organization -- the urban Indian center -- to address the needs of this portion of the Indian population.
- o Foster the establishment of inter-tribal organizations which could control the services provided to smaller tribes whose populations would otherwise be unable to participate in many federal programs.
- o Make a special effort to recognize the needs of Indian communities that have been denied federal services for decades despite the solemn promises made by the United States Government to our ancestors.

Consistent with its mandate in Title VIII, ANA (and its predecessor program) has been able to build this record of innovation and service despite practically no money because of two factors that make its continuance vital to Indian tribes and organizations: 1) the continuity of its financial assistance, and 2) the flexibility with which these funds can be used in designing local solutions to local problems.

ANA has operated from Fiscal Year 1974 to the present time on an annual budget in the $32 million to $33.8 million range. These funds now go to almost 200 tribal governments, inter-tribal organizations, urban Indian centers, and other Indian and Native American organizations. The same money supports a modest technical assistance effort and a research and demonstration program as well. Each ANA grantee must take its small amount of funds and leverage it many times over by attracting other federal, state, and local public and private resources in order to meet the needs of its constitutents and to advance along its own chosen path to self-sufficiency.

While ANA grantees and ANA itself are justifiably proud of what this small amount of funding has accomplished, we must point out that the program has a valid claim to an increase in its budget. Since ANA's program level reached $32 million in FY 1974, a level very near its current $33.8 million level and considerably above the $28 million level projected in the President's budget request for next fiscal year,

- Inflation has increased the cost of providing services by over 35%;
- The number of Indian people counted by the Census Bureau has gone up 71%; and
- ANA's statutory responsibilities have expanded to include Indian and Native American groups and concerns not previously recognized by the federal government.

For all these reasons, we feel that a modest increase in the level of ANA's program is more than justified. NCAI would request that the ANA budget be increased to $37 million for Fiscal Year 1982. As a minimum, we would request that the budget be restored to the $33.8 million level authorized for Fiscal Year 1981. The increase of $3.2 million to a level of $37 million would constitute a 10% increase in the ANA budget for Fiscal Year 1981.

Additionally, we have these comments and recommendations:

1. The Administration has offered to separately reauthorize the Administration for Native Americans. We wholeheartedly support the idea of separate legislation. We feel that separate reauthorization will recognize that ANA is intended to support governments made up of Indian people. ANA supports Indian nations that, according to the United States Supreme Court, have continuing attributes of inherent sovereignty such as the right to determine membership; the power to apply Indian customs/law and tribal jurisdiction to domestic relations; the power to exclude non-members from tribal territory; jurisdiction over property of members, and administration of justice.
2. We are concerned that the Administration has offered only a two-year period for reauthorization. We feel that this is too short a time. The tribes and organizations are attempting to plan and develop the Indian communities which will eventually lead to self-sufficiency. This is very hard to do within a two-year period. The two-year period does not allow sufficient time to build stability that tribes need if they are to build self-sustaining economies. Instead, we would request a five-year reauthorization for ANA. This, we feel, will adequately allow the tribal governments to plan, in conjunction with ANA, their development and their future.

I. Introduction

A. Demographic Information on Indians

1. Population

- The Indian population is growing very rapidly. In 1900 the Indian population was only 237,000. By 1960 the Indian population had grown to 524,000 and by 1970 to 793,000. The 1980 estimate is 1,400,000 Indians, approximately one-half living on reservations.
- The Indian population is very young. The median age of the Indian population is 20 while the median age of the general population is 28.
- Average life expectancy at birth is 60.7 years for Indian males and 71.2 years for Indian females, compared with 67.1 years and 74.8 years for the United States population, respectively.

2. Health

- Substantial improvement in the health of Indian people has occurred since responsibility for Indian health was transferred from Interior to DHEW in 1955. Between 1955 and 1974 Indian infant mortality declined by 71%, nearly twice the decline for the overall United States population. Indian infant mortality is still slightly above the national average.
- While progress has been made, Indian people still suffer disproportionately from a number of illnesses, e.g. tuberculosis victimizes Indian people at a rate nine times that of non-Indian people; otitis media (inflammation of the inner ear which can lead to deafness) has almost disappeared among the general population but its incidence among Indian people has increased by 200% since 1962.

- Accidents and diseases of the heart are the leading causes of death among Indians. Indian mortality by accidents is over three times greater than that of non-Indians; by cirrhosis of the liver nearly four and one-half times greater; by influenza and pneumonia one and one-half times greater; by diabetes mellitus nearly two times as great; and by tuberculosis six and one-half times greater.

- Environmental health conditions of Indians lag those of other rural Americans. The 1970 census found that two of three reservation Indians lacked running water -- eight times the rate for rural Americans; one in two lacked toilets — 3½ times the rate for rural Americans.

- Little reliable data exists regarding the prevalence of developmental disabilities, mental retardation and handicaps among Indian people.

3. Education

- The 1970 Census data indicate that Indians lag behind non-Indians in educational attainment. There is a continuing critical need for Indians trained in health and biological sciences, medicine, physical sciences, engineering, business administration and accounting. However:
    - American men overall are four times more likely than Indian men to have four or more years of college.
    - American women are three times more likely than Indian women to have four or more years of college.

4. Income and Employment

- One in two reservation Indians, and one in three of all Indians, live in poverty (the former is four times, and the latter, three times the national rate).

- The Bureau of Indian Affairs estimates unemployment among Indian people on or near reservations to be 35% - 40%.

5. Resources

- A minority of Indian tribes own substantial natural resources, including timber, farmland, grazing land and a sizeable proportion of the nation's energy resources. The Indian tribes with resources are attempting to assure control of the development of their resources.

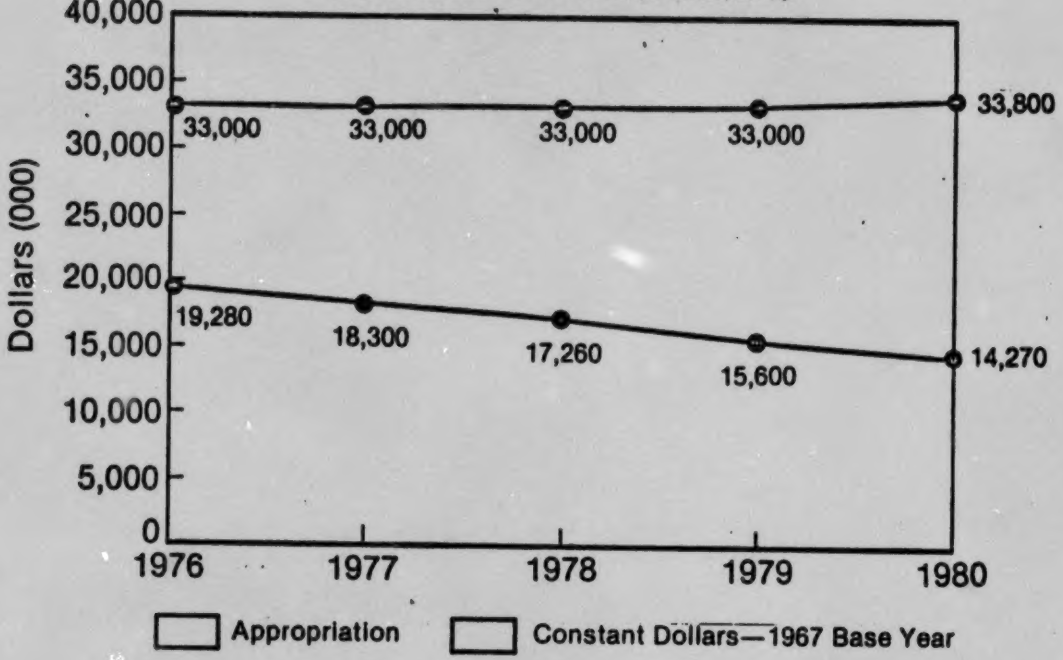
ANA BUDGET

(Dollars in Thousands)

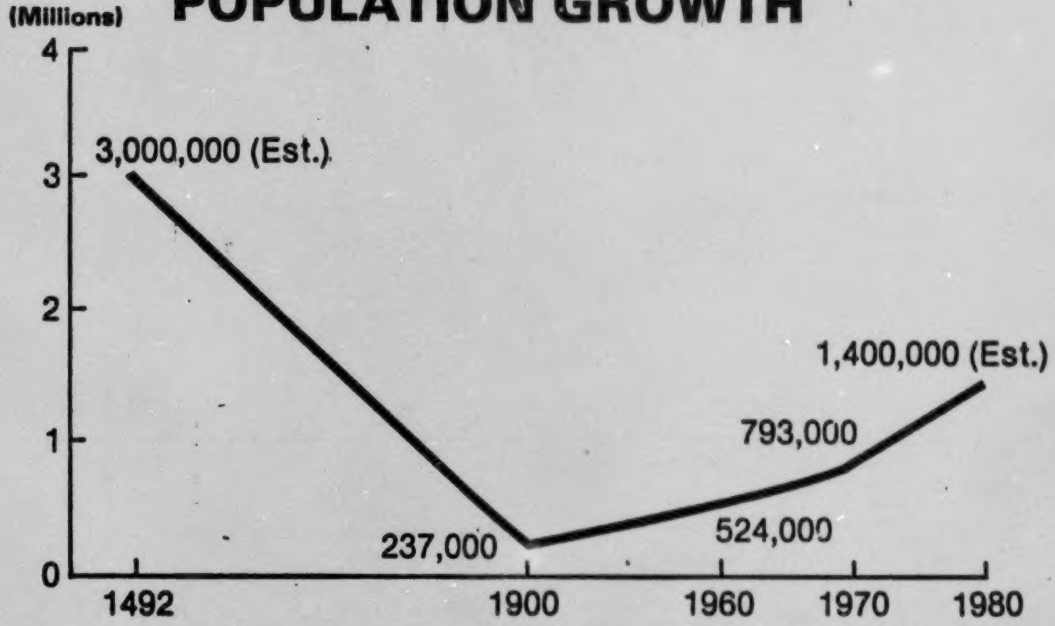
	FY 1980		FY 1981	
	No.	Amount	No.	Amount
Financial Assistance Grants				
Reservation Projects	80	$16,060	84	$16,710
Urban, Special and Off-Reservation Projects	105	10,705	104	10,055
Alaska Natives	14	1,085	14	1,085
Native Hawaiians	3	1,150	3	1,150
Training and Technical Assistance	12	3,100	12	3,100
Research, Demonstration & Evaluation	8	1,700	8	1,700
Total	222	$33,800	225	$33,800

ANA APPROPRIATIONS FY1976-1980

(Actual and Constant Dollars)



RAPID INDIAN POPULATION GROWTH



HEW INDIAN PROGRAM BUDGETS AND STAFFING

	FY1979 Actual	FY1980 Estimate	FY1980 Staffing (PFT)
Administration for Native Americans	$ 33.0	$ 33.8	41
Indian Head Start	22.8	25.3	6
Indian Health Service	569.2	623.1	10,708
Indian Alcoholism Program (NIAAA)	7.9	5.6	4
Indian Elderly Program (AoA)	0	6.0	2
Office of Indian Education*	71.7	76.0	61
Contract Program for Vocational Education*	5.4	5.9	1
Education for the Handicapped*	5.6	8.0	0
	$715.6	$783.9	10,823

*To Become Part of the Department of Education

ADMINISTRATION FOR NATIVE AMERICANS

	1981 Estimate	1982 Revised Request	Increase or Decrease
Financial Assistance Grants	29,000,000	26,300,000	-2,700,000
Training and Technical Assistance	3,100,000	1,000,000	-2,100,000
Research, Demonstration, and Evaluation	1,700,000	700,000	-1,000,000
	$33,800,000	$28,000,000	-5,800,000

General Statement

The Administration for Native Americans provides support to Native American groups to improve the quality of life for Native Americans and to improve the management capabilities of Indian tribes and other Native American organizations. A sustained Federal commitment to social and economic development is needed since Native Americans still lag behind the general population in such areas as employment, income, education, and health. The service population includes American Indians, Hawaiian Natives and Alaskan Natives.

The program objectives that are aimed at promoting social and economic self-sufficiency for Native Americans are: (1) the development of social institutions and Native American leadership in ways that enhance the capacity of Native Americans to influence their social environment, and the services to which they are entitled; (2) the realization of the full benefit from Native American resources, both potential and actual, through economic development. Progress in the area of economic development is critical to addressing the fundamental causes of the acute and chronic social problems found among Native Americans; (3) the elimination of gaps in services as a result of jurisdictional ambiguities, unclear areas of program responsibility, discrimination, and fragmented program efforts, in order to build the foundation for improvement in the delivery of human development services. A priority is to assist Native American groups establish and maintain the mechanisms needed for planning and coordinating both Federal and non-Federal resources. The efforts relating to Indians and Alaskan Native groups are directly supportive of the Federal policy of Indian self-determination. The Administration for Native Americans provides direct funding to Indian tribes and Native American organizations and is responsive to local priorities.

Administration for Native Americans

Financial Assistance Grants

Authorizing legislation - Native American Programs Act of 1974, as amended (P.L. 95-568) Sec. 803

	1981 Estimate	1982 Revised Request
Current request...	$29,000,000	$29,700,000
Proposed change...	---	-3,400,000
Revised request.	29,000,000	26,300,000

Justification for FY 1982 Revised Request

The Administration for Native Americans operates on the principle that economic and social development are interdependent. Projects supported by the Administration for Native Americans attempt to assist communities to overcome their specific economic and social problems within their own unique context. In fulfilling its legislative mandate to promote economic and social self-sufficiency for Native Americans, the Administration for Native Americans provides financial assistance to Native American groups through direct grants and interagency agreements. The financial assistance grants to Native American groups support a planned comprehensive community-specific approach to social and economic development. The grants to Indian tribes enable them to build and strengthen their local institutions of government. The financial assistance provided to private non-profit Native American organizations develops coherent and responsive human development services for Native Americans in urban and rural non-reservation areas. The interagency activity supports the coordination of Federal program efforts that relate to social and economic development in such areas as employment, energy, child welfare, environmental and occupational health, aging and rehabilitation. Increasing the capacity of tribal governments and community organizations to deal with their needs requires a multifaceted approach that is sensitive to the diversities in potential and stages of development among the tribes and groups. The Administration for Native Americans provides for flexible and comprehensive support to Native American communities.

The Administration for Native Americans will provide basic support through financial assistance grants for a national Native American community network that includes Indian tribes and non-profit Native American organizations. This network provides the foundation and administrative structure that allows Native Americans to obtain public and private resources and operate a broad spectrum of programs that promote social and economic self-sufficiency. It is by means of this grantee network that Native American groups at the community level have an organization that is able to operate programs from a variety of funding sources, access human development services, establish linkages with independent programs and coordinate services to avoid duplication. Without this network, other programs and agencies attempting to target resources to Native Americans would have to create independently, similar networks within the Native American community.

There is a great diversity of Indian cultures, language, traditions as well as legal status, size, resources, need, and local priorities. Consequently, there is a need for a flexible source of Federal support in order to be responsive to the uniqueness of Native American communities and to promote Indian self-determination within the program areas of the Department of Health and Human Services. The financial assistance provided to Native American groups is used in a wide variety of projects that promote economic and social progress. This includes improving the ability of Indian tribes to exercise the authority and responsibilities they have as entities of local government, developing the organizational capability to operate programs funded through other categorical funding sources, supporting economic development in areas such as energy resource development, reducing Native American unemployment, and improving the quantity and quality of human development services to Native Americans.

For Reservation Projects, the Administration for Native Americans' FY 1982 initiative will be directed toward strengthening the executive functions of the governing bodies of Indian tribes. A principal activity will be the creation of a planning and development clearinghouse capacity for Indian tribes. The thrust of this effort is to coordinate the fragmented projects and programs on Indian reservations by assisting tribes in developing a local system for coordination and comprehensive planning. The Indian tribes with proven energy resources will receive priority in this effort. The Administration for Native Americans is cooperating with other Federal agencies in the areas of employment, energy, child welfare, environmental and occupational health, aging, rehabilitation and other programs that complement and support the initiative.

The Native American groups served also include Native Hawaiians, terminated Indian tribes, non-Federally recognized Indian tribes, State recognized Indian tribes, isolated rural non-reservation communities, metropolitan communities, and other Native American groups that have organized for specific purposes such as Alaskan Native non-profit corporations, professional and national organizations. The program emphasis in FY 1982 for these Native American groups parallels the planning and coordination initiative for Reservation Projects. The program emphasis is on influencing the non-Native American institutions to develop coherent, responsive services for Native Americans. Based upon the results of FY 1980 and FY 1981 research on gaps in services and evaluation of current Native American centers, the Administration for Native Americans will support the development of Native American human services centers. These centers will serve as prototype organizations for linking and accessing existing human services and establishing a coherent service network to meet the needs of the Native American communities.

The following table provides a break-out of the categories of Financial Assistance Grants for FY 1981 and FY 1982:

FINANCIAL ASSISTANCE GRANTS
(Dollars in thousands)

	FY 1981 Estimate		FY 1982 Revised Request	
	No.	Amount	No.	Amount
Reservation Projects	82	15,000	73	13,597
Urban, Special and Off-Reservation Projects	101	11,695	90	10,678
Alaskan Natives	14	1,085	14	947
Native Hawaiians	2	1,220	2	1,078
TOTAL	199	29,000	179	26,300

Explanation of FY 1982 Revised Request Compared to FY 1981 Revised Estimate

The FY 1982 revised request for Financial Assistance Grants is $26,300,000. This is a decrease of $2,700,000 below the FY 1981 estimate. This reduction reflects the elimination of projects which are of a non-developmental nature. Funding priority will be given to those projects which demonstrate the greatest potential capability for assisting Native American organizations to progress towards self-sufficiency. The reduced funding will be reflected by a decrease in the total number of financial assistance grants.

Administration for Native Americans

Training and Technical Assistance

Authorizing legislation - Native American Programs Act of 1974, as amended (P.L. 95-568) Sec. 804

	1981 Estimate	1982 Revised Request
Current request...	$3,100,000	$2,400,000
Proposed change...	—	-1,400,000
Revised request.	3,100,000	1,000,000

Justification for FY 1982 Revised Request

The purpose of the training and technical assistance under Section 804 is to assist public and private Native American agencies in developing, conducting and administering projects under the Native American Programs Act. This includes short-term in-service training for specialized or other personnel which is needed in connection with projects receiving financial assistance from the Administration for Native Americans.

The training and technical assistance needs of Native American organizations are identified in the grantees' annual work plans and from on-site project monitoring. The assistance provided to grantees is tailored to ensure the accomplishments of their respective project objectives. The focus is on establishing stable administrative and management systems, the identification of long-range needs as well as resources and the improvement of the capacities of Indian tribal and community-based organizations to plan, develop, coordinate and implement programs by and for themselves.

The FY 1982 training and technical assistance projects and activities will be directed at furthering the program initiative under Section 803, Financial Assistance Grants, and addressing the organizational weaknesses identified in annual project evaluations in order to assist grantees in the accomplishment of project objectives. It is through these efforts that Indian tribes and community-based Native American organizations will be equipped to set up sound management and administrative systems, especially in the financial area which in turn will improve their accountability and control of public and private funds. The technical assistance also focuses on strengthening the executive capacities, the organizational structure, policy planning and overall program management systems. The objective is to increase the effectiveness and impact of all program activities and resources through centralized planning and program coordination. Specialized assistance serves to promote broad community participation and support and to access services heretofore not made available to Native Americans. In cooperation with the Office of Personnel Management, Indian tribes are able to receive training and on-site technical assistance in personnel management. Comprehensive merit employment systems are initiated and put in place, resulting in increased stability and improved service delivery systems for the people.

Explanation of FY 1982 Revised Request Compared to FY 1981 Revised Estimate

The FY 1982 revised request for Training and Technical Assistance is $1,000,000. This is a decrease of $2,100,000 below the FY 1981 estimate. This reduction will be achieved through refocusing of the training and technical assistance program. There will be a reduction in the number of contracts awarded on a sectional basis for maintenance-type technical assistance and training. Assistance will be provided to Native American organizations enabling them to procure special assistance that is required to provide the elected and management leadership with the skills and knowledge needed to administer effectively a wide range of services and programs for Native Americans. Increased efforts will be made to mobilize and coordinate existing local technical assistance and training resources.

Administration for Native Americans

Research, Demonstration and Evaluation

Authorizing legislation - Native American Programs Act of 1974, as amended (P.L. 95-568) Sec. 805

	1981 Estimate	1982 Revised Request
Current request...	$1,700,000	$1,700,000
Proposed change...	---	-1,000,000
Revised request.	1,700,000	700,000

Justification for FY 1982 Revised Request

Support for research, demonstration and evaluation is provided to public and private agencies to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise further social and economic self-sufficiency for Native Americans. These activities are conducted by means of grants, contracts and interagency agreements with other Federal agencies.

The research, demonstration and evaluation activities are designed to obtain information not currently available on Native Americans which is used for program planning and development. Demonstration projects are undertaken to stimulate innovations in service delivery, planning, and management by Native Americans. Such activities are undertaken directly with Indian tribes and Native American organizations or with their cooperation. The focus is on enhancing the capabilities of Native Americans to influence their environment and to define, as well as achieve, their own economic and social goals. Cooperative efforts with other Federal agencies serve to marshal resources for problems which transcend the boundaries of organizational responsibilities.

The research, demonstration and evaluation activities are part of a broad strategy of support for the objectives of the agency, and will include developing indicators for defining and assessing economic and social self-sufficiency and measuring the performance of the Administration for Native Americans program. Transferable technology that can make long-range improvements in the quality of life for Native Americans will be identified, and successful planning and service delivery systems will be disseminated to additional tribes and groups.

The development of a comprehensive program information system for the Administration for Native Americans will be supported in FY 1982. This will establish a rational system for collecting and using program data. It will facilitate improvements in program administration, grantee accountability and program evaluation. Based upon a feasibility study completed in FY 1981, an effort will be initiated in FY 1982 to evaluate the reservation program. The results of this evaluation will provide the basis for setting future program policies and resource allocation. To increase employment opportunities for Native Americans, efforts will move beyond the initial developmental stages, continuing to include interagency cooperation and coordination. A Native American research data base completed in FY 1981 will help prevent duplication of effort by government agencies and will provide reliable information to Native American communities for program planning at the local level.

Explanation of FY 1982 Revised Request Compared to FY 1981 Revised Estimate

The FY 1982 revised request for Research, Demonstration and Evaluation is $700,000. This is a decrease of $1,000,000 below the FY 1981 estimate. This reduction reflects decisions by the Administration for Native Americans to: (1) reduce the level of financial support for certain Native American research and demonstration projects which have achieved an acceptable level of development and potential for self-support; (2) place greater emphasis on interagency cooperation and joint support of priority projects; and (3) postpone certain planned projects which are not of highest priority. The current priorities of the Administration for Native Americans' R,D&E program are to evaluate program effectiveness and to upgrade program performance and accountability, and to promote utilization of knowledge and research by Native American communities for self-determined socio-economic development.

SUBMITTED FOR RECORD

BY

THE NATIONAL CONGRESS OF AMERICAN INDIANS

The National Congress of American Indians is vitally concerned with the level of the budget request for the Administration for Native Americans (ANA) contained in the Department of Health and Human Services Budget for 1981. The Fiscal Year 1981 request for the program authorized by Title VIII of the Community Services Act of 1974 and administered by ANA is $33.8 million. This would continue a static funding pattern for a sixth consecutive year, inhibit the delivery of badly needed services to reservation and urban Indian communities and be contrary to the Congressionally determined goal of Self-sufficiency for Indian people. A significant increase in the ANA program level for FY 81 is desperately needed. The Administration's request for FY 81 of $33.8 million is totally inadequate.

The National Congress of American Indians recommends to your Committee that it consider a $10 million increase in ANA's budget in 1981, bringing the total to $43.8 million.

An increase of $5.5 million is justified simply on the basis of the increase in the cost of living that has occured since FY 74. The additional $4.5 million we recommend, over and above the increase necessary to adjust for inflation, would permit a modest expansion in the programs aimed at assisting tribal governments and urban Indian programs.

The ANA budget has not risen significantly for the last seven years. In FY 75, the budget for the Office of Native American Programs (ONAP), ANA's predecessor agency, was $32 million. In FY 76, the program level went up slightly to $33 million. It has remained at that level every year until 1980 when an additional $800,000 increase was authorized. The funds were primarily used to assist the Hawaiian Natives. For FY 80, the appropriation is $33.8 million.

Despite an increase in the overall cost of doing business over this seven year period of over 41%, the ANA budget has increased just 5.6%.

Translated into dollar terms, this means that the ANA budget should have gone up $17 million between 1975 and 1979 just to keep up with inflation, a modest rate of 7%. Instead it went up only $1 million over the 1975-1979 period, with another increase of just $800,000 for 1980.

Inflation has not been the only factor pressing on ANA's budget. When Congress rewrote the authorization legislation for the ANA program mid-way through FY 75, it required the agency to extend its financial assistance to an additional group of native people--Native Hawaiians. This single act added some 150,000 people to ANA's service population in Hawaii alone. Some estimates indicate that upwards of 150,000 are eligible for services on the mainland. ANA has funded native Hawaiian programs in the Islands. All this happened without any significant addition to ANA's budget.

ANA also has reached out to serve other previously unserved groups of Indian people. Extending services to formerly ignored Indians in the eastern states has been a growing ANA priority. In addition, ANA initiated an urban Indian effort serving 81 groups and extended services to previously unserved Indians in Oklahoma. Special projects providing protection for tribal rights and improving the economic base on reservations have also been ANA concerns. All this has had to happen without any significant addition to ANA's budget. ANA has recently projected a new effort that is designed to assist those tribes with energy resources. This will involve efforts to better enable those tribes to manage their resources.

In fact, the number of ANA funded programs has risen from 168 in FY 74 to 2[illegible]9 in FY 77--all without any significant addition to the agency's budget.

The Administration for Native Americans in the Office of Human Development Services is charged with promoting social and economic self-sufficiency for American Indians, Alaskan Natives, and Hawaiian Natives. Financial Assistance is provided for Native American community projects, research, evaluation, technical assistance and training. A major emphasis is assisting Native American groups' to use both federal and non-federal resources to achieve locally determined goals. Funding priority is given to projects that strengthen local Native American institutions and show promise of furthering social and economic self-sufficiency. The particular needs, resources and culture of the specific Native American communities, are considered in this priority. In all ANA projects and activities, priority is given to those projects which will be completed, are self-sufficient, or supported by other resources.

In fulfilling its legislative mandate to promote economic and social self-sufficiency for American Indians, the Administration for Native Americans provides financial assistance to American Indian groups through direct grants, contracts and inter-agency agreements. The grant support enables them to build and strengthen their local institutions of government. Where gaps exist in local administrative and financial management or other skills, the Administration for Native Americans provides training and technical assistance through contracts with Native American technical assistance providers and inter-agency agreements with other federal resources. Increasing the capacity of tribal governments and community organizations to deal with their needs requires a multi-faceted approach that is sensitive to the diversities in potential and stages of development among the tribes and groups. The Administration for Native Americans' plan provides for flexible and comprehensive support to American Indian communities.

For projects on Indian reservations, the Administration for Native Americans efforts are directed toward strengthening the executive functions of the governing bodies of Indian tribes. A primary function of ANA is their advocacy on behalf of tribal governments. ANA has been charged with developing Department of Health, Education and Welfare policy that recognizes the sovereignty of the tribal governments. Further, ANA has attempted to implement federal policies within HEW such as subsection 25 CFR 31a.2,[1] that provides for tribal consultation and P.L. 93-638, the Self-Determination and Education Assistance Act. A principal activity is the creation of a planning and development clearinghouse capacity for Indian tribes. The Office of Management and Budget (OMB) regulations require that Indian tribes with an established coordination mechanism be provided with the opportunity for review of financial assistance applications in the same manner as States and area-wide clearinghouses.

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[1] From the FEDERAL REGISTER for Tuesday, October 9, 1979, p. 58099, Part 5 DOI/BIA Indian Education Policies and Transfer of Functions, Rules and Regulations.

Subsection 25 CFR 31a.2-Definitions:

(g) "Consultation" means conferring process with tribes, Alaska Native entities, and tribal organizations on a periodic and systematic basis in which the Bureau and Department officials listen to and give effect, to the extent they can, to the views of these entities.

(n) "Indian Organization"

(r) "Tribal Organization"

Subsection 25 CFR 31a.4-Policies:

In carrying out its education mission the Assistant Secretary for Indian Affairs through the Director shall: (a) Policy making. (1) Assure that no new policy shall be established nor any existing policy changed or modified without consultation with affected tribes and Alaska Native government entities. (2) Be guided in policy formulation and funding priorities, including the proposing and awarding of contracts and grants, by periodic and systematic consultation with governing bodies of tribes and Alaska Native entities.

While Indian tribes have this opportunity, the fundamental and essential work of developing tribal mechanisms for coordinating the activities of tribal departments, divisions, enterprises and entities has been without support. The thrust of this effort is to coordinate the fragmented projects and programs on Indian reservations by assisting tribes in developing a local system and mechanism for coordination and comprehensive planning. A related aspect of this initiative is to provide tribes with the capacity for establishing a merit employment system and implementing affirmative employment ordinances that encompass Indian Preference and Indian Self-Determination, both Congressionally mandated efforts.

Additional funding is needed to provide support to the tribal governments so that they can better develop a comprehensive management program for their tribal resources.

Influencing the non-Native American institutions and developing coherent, responsive services for American Indians is the program direction for urban Indian and off-reservation programs. These programs provide vitally needed advocacy for Indian concerns to all levels of government with responsibilities for serving all their citizens. ANA provides core funding to these programs which provides them with funds to support core administration funds--salaries of staff that oversee the programs and leverage the other funding sources, office space, community outreach programs and other expenses that make possible for the urban Indian centers to be the base for many service delivery activities.

Additional appropriations are needed that will allow ANA to expand its urban effort and that will enable the urban centers to better advocate and coordinate social services for Indians that reside off-reservation.

The Department of Health Human Services appears to ignore the needs of the American Indian people served by the Administration for Native Americans.

But the Congress, in establishing the Administration for Native Americans, has defined the goal for the ANA program and for Indian projects in a most appropriate way—the attainment of economic and social self-sufficiency for American Indians and Alaskan Natives. This would allow our people to take greater control of their resources and would provide the opportunity for the Indian people to join in those decisions that affect their lives. This will be truely Self—Determination.

All we ask is that we again be permitted to step forward toward that goal.

Senator DENTON. Thank you, Mr. Tullis.

And before proceeding to Father Zuern, I would like to mention the manner in which I became acquainted with you. I was invited to a party including Senator Stevens, to Alaska to meet His Holiness, Pope John Paul, II, and Cardinal Krol, and he told me about Monsignor Lenz, who in turn referred me to his highly recommended expert, you. So would you please proceed, sir.

Reverend ZUERN. Thank you. I am happy to be with you this afternoon. I have submitted the statement I would like to make some remarks.

I would like to quote the statement of President Reagan last September 26, when he was speaking on Indian issues, and I think it is fundamental to his position, and I certainly would hope the Congress would support him in that.

He said, "The traditional relationship between the United States and the Indian governments is a government-to-government relationship. History tells us that the only effective way for Indian reservations and Indian communities to develop is with local Indian leadership. Bearing in mind the legal and historical background, tribal governments must play the primary role in Indian affairs. State and non-Indian local governments can at best play only a secondary role."

I think that comes right out of the long-recognized Federal trust responsibility toward Indians. The Native American people, and whether we are speaking of the Alaska Natives or the various American Indian tribes, are in a very special position with the United States Government.

It starts with the treaties, it goes through the Constitution, the earliest legislation. Honestly, I believe that the expenditure of Federal funds becomes more effective the greater the recognition of the capabilities of the Indian people.

I have had 25 years of experience, mostly in South Dakota, Kansas, Minnesota, on reservations, and in the cities, ministering in Indian communities in a pastoral role, social service ministries, educational work, and I certainly support this.

I want to see the funds going directly to the Indian people. They are creative beyond what most American people would possibly understand. There is an ingenuity, a capacity; there is a different cultural tradition.

Often, because it is different, people fear it. We have to have the trust that God has in all of us, and trust one another more.

The thing I would say is that we be sure that there are always appropriations for the people who do not live on reservations. We have had the last census count, and we have way over 30 percent living in large urban areas. They have not been absorbed. There is no need to be absorbed.

I think this Nation, above all nations, should be able to live with people of different cultural backgrounds. The American Indian people certainly would be in a prime position there.

So there has to be a recognition, then, of the Indian groups who are in the cities. There are some very significant things being done. They need support; they need help.

I think governments on the reservations, and the the non-federally recognized tribes that Mr. Tullis has spoken of are really doing remarkable things.

I have no doubt in my mind that far worse than stealing land was making the Indian people feel that they weren't adequate, or that they had to apologize for who they were. That was by far the worst crime. I think the best thing that has happened in recent years is that we have moved out of that attitude.

By circumstances, I happened to be the pastor of the Pine Ridge Reservation at the time of Wounded Knee, and I am glad I was there.

I think someone with less understanding, not that I understand the whole thing, could have gotten very panicky. I was getting phone calls from the Governor, and he was being pressured to call up the National Guard and all this sort of thing, to surround the reservation. It was the last thing that needed to be done.

What has to be done is recognize the capacity that the Indian people have, so there has to be a tremendous amount of consultation always, and then there has to be confidence. They are capable people, and they must be trusted. There has to be consistency.

In recent years, the worst thing that the Federal Government has done is wait 5 years in a program that hasn't worked, and then throw it out, and bring something else in. It creates a feeling of discouragement and bewilderment at times.

The programs are going to be utilized one way or the other. Let me give you an example. When I was at Pine Ridge, I was asked to serve on the personnel committee of the community action program.

Why did they have me? I was the celibate clergyman and one of the regulations was that you could not hire your own relatives. I had no relatives to hire. However, there were Indian clergymen with me, not in that tribe.

I remember one day we had to hire an outreach person for the Wounded Knee community. There were about nine applications, and I found one man particularly qualified. He had been elected by the community. He had held a lot of jobs for a considerable period of time. The big problem is that jobs don't stay open.

So after some discussion, I said, "I think this is the man who should get the job. He seems to me to be the best qualified."

One of the Indian men who was on the panel with me says, "I agree with you. He has the largest family."

There was the need and the program was being adjusted not the way Washington had designed it, but to meet a specific need. So with consultation, understanding, giving programs that really meet the needs of the people, treating them with confidence and then consistency in carrying them out for a long period of time, I think, will make the difference. It will establish the situation that we are looking for.

So I support the notion of direct funding to the Indian groups. I think this is essential. I think this should be. I think funds will be lost in the transmittal if it doesn't happen that way.

By all means, the ingenuity that the administration for Native Americans has made possible in Indian communities should be encouraged and supported. I think it is a special responsibility that the Federal Government has and I support it completely.

I will conclude here. If there are any questions I will certainly try to answer them.

[The prepared statement of Reverend Zuern follows:]

STATEMENT OF TED ZUERN, S. J. FOP THE BUREAU OF CATHOLIC INDIAN MISSIONS BEFORE THE SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES OF THE U. S. SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES, APRIL 23, 1981

I am Ted Zuern, S. J. and I wish to express my appreciation for the opportunity to appear here today. I am a Catholic priest. For twenty-five years I have served in American Indian communities both on reservations and in urban areas of South Dakota, Kansas and Minnesota. I have served in pastoral, educational and social ministries.

I appear today urging just and effective use of federal monies designated for use in programs among Native American groups. I seek benefit not only for the native American peoples of this nation, who have a unique historical position among the wide diversity of America's citizens, but also for all the citizens of this country. It is to the benefit of all that each part of our population experience meaningful development.

Last September 26th President Ronald Reagan, in the course of his presidental campaign, released a series of Questions and Answers on American Indian issues. He stated at one point:

> "The traditional relationship between the United States and Indian governments is a 'government to government relationship.' History tells us that the only effective way for Indian reservations, and Indian communities, to develop is with local Indian leadership. Bearing in mind the legal and historical background, tribal governments must play the primary role in Indian affairs. State and non-Indian local governments can at best play only a secondary role."

That statement should be a guide for the U. S. Congress as well as for the Presidental Administration. President Reagan understands the relationship this government should have to American Indians and Alaska natives. I believe it is correct. I support it and urge the Congress to support it.

Native American groups deserve to develop and to operate their programs that use both federal and non-federal resources. Only they can correctly detect and analyize the influences and varied nuances of the strengths and weaknesses in their social and political structures. They can more accurately than a theoritician see the true roots of problems and detect more readily the proper approach toward solutions. Thus, they, rather than non-Indians, are more capable of using resources with greater assurances of movements toward desired goals. They can direct expenditures more effectively. Non-Indians of good will can never truly put themselves in the cultural tradition of the descendents of this hemisphere's original inhabitants, who under pressure yielded their land for the establishment of this nation.

Our government has given the native American peoples solemn promises recognizing their right to self determination. Great nations keep their promises. Certainly, this nation must keep its word to its members descended from those culturally distinct communities who from the Pacific to the Atlantic provided this nation's land base.

Happily for us, keeping our nation's word is also the most effective means for using monetary resources committed to the furtherance of Indian, Eskimo and Aleut communities.

The U. S. Census of 1980 reveals an increasing Indian population in the large urban areas of America. It would be erroneous to think that half of the Indian population still resides on reservations. The Twentieth Century has changed the circumstances of American Indian communities as surely as it has changed the more traditionally recognized communities of rural and urban America. Thus, it is necessary to recognize and respect the American Indian communities expanding in American cities.

Federal block grants should be made directly to Native American groups and not through state and local governments. The Constitution of the United States gave responsibility for relations with the American Indians to the federal government rather than to the state governments. Some of the first legislation of the federal government, late in the eighteenth century, reaffirmed that responsibility. It befits the 97th Congress of the United States to continue that legal obligation.

However, in making block grants to the Native American groups it is vital for the success of those grants that the formula, details and general arrangements of the block grants be worked out in cooperation with the Native American peoples.

I have witnessed over the past twenty-five years a continuing succession of federal programs that were prepared and packaged by people of goodwill in Washington who sincerely asked themselves, "What would I want if I were an Indian who is to benefit from this program?" Programs were then prepared according to what had been imagined. But the imagining did not equate the reality of experience as Indians know it. Too frequently, the imagning did not grasp the intangibles of Indian culture, the assumptions, approaches and attitudes of traditional Indian institutional structures, the significance of Indian gestures, references and actions. So the programs were received and unpackaged by persons who than had to strain to make the programs meet their Indian needs.

Usually the Indian peoples were glad to see that the federal government was attempting to fulfill its special trust obligations to them. But the people in Washington became frustrated because the program did not "work the way we intended it to work." Then they would begin again to imagine what they would want if they were Indians.

Error is always the result when the standards of one culture is used to judge the motivation and achievement of another culture.

I recommend, in fact I strongly urge, that in establishing block grants for Native American groups, that the Three C's Policy be used. The Three C's are Consultation, Confidence and Consistency.

CONSULTATION with Native American groups is necessary. Learn what the native American peoples see as their needs. Learn from the large Navajo nation of more than 150,000 persons and a small small native Alaska village of less than 100 persons. Learn how they would organize a program to benefit their memb-ers. Learn what goals they see as vital to them as a distinct cultural group formed by values that vary from those that form mainstream Americans. Learn their hopes and fears, their strengths and challenges, their pains and joys. Learn by listening, observing and being guided by those who have a sensitivity to relate between tribal groups and the dominant society.

CONFIDENCE in the diversity of American cultures is necessary. There is not one single way for solving human problems. The myriad cultures of the human family are simply a variety of styles used for solving common human problems. The United States of America probably has the widest diversity of cultural communities in all the world. We recognize ourselves by our cultural diversity. Our national motto is E Pluribus Unum. It speaks of cultural plurality. It speaks of an unity of diversified peoples. Their differences remain;-their unity grows. Differences in cultural formation is not bad. We should stop to see the wonder of it. Cultural diversity is a precious richness of the United States. We are not bound to follow one road. We are not organized to follow one pattern of action. We speak of liberty and choice. We stress individual rights. We must also stress the rights of cultural communities within this nation. Do we sufficiently realize that the individual person realizes the fullness of life only within community?

Diversity of communities is one of the fundamental factors of America. Diversity of communities is bound to result when individual Americans are reared and formed within the diverse traditions of America's cultures. The individual needs and also creates community. Isolation is deadly. Since the community is so important to the individual, the United States can not ignore community diversity and think only of the individual as though he was formed everywhere by the same pattern.

It is necessary to trust the diversity of American peoples. It is necessary to trust Native American communities. To fail in that confidence is to fail America. Difference among human ways are not wrong. God created diversity in the human family. If He accepts the varied peoples of the world, America must accept her own diversity of cultures. Native American peoples must be trusted even when they want to act according to their own traditions, their own ways.

CONSISTENCY in dealing with Native American groups is necessary. Fluctuation and change wears on the spirit of every person. We seek a certain stability. We know that change will always come somehow, but we like to know that our relationships with other persons and groups are dependable whatever else happens. Frustration is the name of the helpless feelings that strike a dependent party when the party in charge makes abrupt changes. Feelings of discouragement and futility increase with the uncertainty of mandated change.

Whether it has intended it or not, I think the federal government has been guilty of inconsistency in past dealings with Native American groups. I have seen many programs prepared for Indian communities suddenly terminated after five or seven years. The problem did not come from the Native American groups because they did not control the establishment nor the termination of the programs. Probably the problem came from the disappointment of the non-Indians who had expected a non-Indian inspired program to function among Indians. They found the cost of the program to be ineffective by their standards; they stopped the program; they frustrated the Indians.

If new programs are to have a significant influence for the better among members of the Native American groups, they must come from the people and be allowed to function for a long period of time. I believe that cultural developments come not in terms of five years but in terms of twenty five years, a generation. Consistency is demanded if the program is to have significance rather than frustration.

Consultation, Confidence and Consistency are vital. The cost effective ness of the funding involved can only be realized by using a human, cultural approach in working with the Native American groups.

If block grants are to work successfully, the details of their operation must come from the people among whom they are used.

Thank you. for allowing me to make this statement.

Senator **Denton**. I am not sure you said if you are in support of the independent reauthorization of the Native American programs rather than having it folded into a block grant.

Reverend **Zuern**. Absolutely, keep it with the Indian people.

Senator **Denton**. The administration has in its budget proposal for the Native American Programs Act that the highest priority for funds will be those programs and projects that show the greatest potential for self-sufficiency for the Native Americans. Do you agree with the thrust of the administration in that regard? And if so, why? Do you have any data on the number of Native Americans who have attained self-sufficiency under the program? Do you have anything to say in that regard?

Reverend **Zuern**. Yes, I would be very happy to say a few things there.

Self-sufficiency, self-determination, they are essential. No group of people ever develops or progresses if it is completely under control. As residents of this hemisphere and as members of this Nation, they should be given support. They are capable through these programs. There have been a variety of them developed by the Native Americans. It indicates the diversity that exists among the Indian tribes, Indian groups, the Indian Nations, that exist in this country. I can't give you any specific figures. I just don't have any on hand, but I have had the opportunity in different parts of the country to see the program work and there is nothing that gives me greater satisfaction, than seeing confidence in my Indian friends as they take charge of these programs and go on.

It is good.

Senator **Denton**. Let me say I was away, as you know, when all of this consciousness, new consciousness took place and as a child, and as an adult, I always regarded an Indian in awe, with more respect than for, if I might say, Orientals, and we have perhaps a beautiful example in the back of the room there. I can see that it was necessary because of the horrible raw deal you got that somehow it be rectified and it is most encouraging to me to see the level of consciousness and activity in this and that this thing has been broken out rather than put into a block grant.

Mr. **Tullis**. Senator, I would like to say, the administration for Native Americans is a prime example of that journey that Indian tribes have started to make towards that goal of self-sufficiency, the self-determination is a phrase that is thrown around a lot but it is something that the Indian tribes take very serious. We have talked to the staff members about it, and the self-determination carries with it an awful lot of responsibility, and we accept that responsibility; we realize that it is necessary to get to self-sufficiency and I think that ANA money is one of the areas we can show really significant impacts in some of the Indian communities towards that goal of self-sufficiency.

I can give you personal testimony on that from a local group, the Poarch Band of Creeks has used ANA money to make significant changes in the community in the 3 years we have been funded by ANA.

There are changes there that anyone in the community can point out to you that have come about in the last 3 years.

We support that effort and we realize that this is an office that has had its impact in the local communities.

Senator **Denton**. I have to express my admiration for the linquistic capacity of Mr. Andrade and Mr. Juneau in spite of the fact that you speak Alabama you do not require an interpreter. [Laughter.]

This question is for either or both witnesses. What has been the extent of your discretionary authority for program planning under the Native American Programs Act in the past, and do you believe this discretionary authority should be expanded in the future? That is for both of you.

Mr. **Tullis**. I definitely have to comment. Again, I will use the phrase of self-determination. We feel that in the past the administration while it put a lot of emphasis on research and development and pilot projects has done lot of determining what their priorities per year should be and we feel that the tribes have progressed to the point where they have the ability to decide what the program should be.

We would like to see the discretionary power of the administration shifted just a little more towards the tribes and the funded groups. We feel the tribes have progressed to the point where we are as the Reverend says, capable of deciding what needs to be done in the community and we assume that responsibility of deciding what is best for the people. We would like to see more of the power of the discretionary power of the administration turned over to the tribes to decide what to do with the programs.

Reverend **Zuern**. I have never had the position where I directed a program. I am most familiar with the Rapid City Indian Service Council which is funded under the ANA program.

It is a group of urban Indian people. I speak from experience because I spent 7 years at the Indian Center there. And I am very, very much impressed with what they are able to do. There are times that you can be of assistance but there is enough ingenuity within the community that I think they are far more capable of reaching the needs, the expectations of the people than I myself would have even though I have been exposed to quite a bit of Indian tradition.

Mr. **Andrade**. Yes, Mr. Chairman, our concern with this discretionary power, as Mr. Tullis said, is that the Act in itself specifically states the tribe should define its priorities and define its areas which they feel are necessary. The same wording applies to the urban Indian projects and the other projects. We feel that that means that the discretionary power should be with the tribes. As long as they can comply with the law they should be the ones to define their programs, design them, have the community vote on them and have the act fund them as long as it is in compliance with the law.

We felt heartened by President Reagan's statements that he would try at all cost to get the bureaucracy away from the community and let them do the planning of their programs to the best needs of the community.

We feel the same applies to the ANA. We have no problems with ANA but we do believe that this discretionary authority should be severely limited from them to the good of the tribe and we would, you know, very much like to hear that come back from the committee or through the bill, that the priority should lie with the Tribe in discretionary things.

Senator DENTON. I am told that it is in the law, but it has not been implemented very well.

Mr. ANDRADE. No, sir, in fact ANA has continued to be one of the few programs in HEW that we kind of get bounced around with the discretionary authority, or noncategorical program, and we get bounced around by the administration. We have for the past 7 years. That's why we would like to see it clearly stated that the law says the tribe shall plan their programs and the Government shall assist them instead of the opposite way around.

Senator DENTON. I am assured that you will be happy with the way we write this particular piece of legislation.

I want to thank all 4 of you for coming here and enduring all of this time to testify. It was most valuable and informative.

Thank you.

Mr. ANDRADE. We appreciate it, sir.

Mr. TULLIS. Thank you.

Senator DENTON. Other members of the subcommittee will have questions to be submitted in writing to you for the record, so the record will be kept open for that purpose. We would solicit your cooperation in answering those questions if you would.

Mr. TULLIS. We would be most happy to respond.

Reverend ZUERN. Yes, Mr. Chairman, we will be happy answer any questions you have.

Senator DENTON. That would be appreciated.

Mr. TULLIS. Thank you, Mr. Chairman.

Reverend ZUERN. Thank you again.

Senator DENTON. At this point I order printed all statements of those who could not attend and other pertinent material submitted for the record.

[The material referred to follows:]

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May 11, 1981

Mr. Jeremiah Denton, Chairman
Subcommittee on Aging, Family and
 Human Services
Committee on Labor and Human Resources
A624 Immigration Building
Washington, DC 20510

Dear Senator Denton:

Thank you for the opportunity to submit the enclosed position paper for the record of your hearings on social service block grant proposals.

Although our document does not address social programs in particular, it does discuss the functions and impact of block grants in general.

Again, thank you for your consideration.

Sincerely,

Maudine R. Cooper

Maudine R. Cooper
Vice President for
 Washington Operations

MRC/SSH/ah

Enclosure

Contributions to the National Urban League are tax deductible

BLOCK GRANTS: NO

The Reagan Administration has presented to the American people a "new" vision of government -- one that is efficient, streamlined, and returns greater power to the states, while providing a "safety net" of protections for the truly needy. One of the most salient attempts to achieve these goals is manifest in the concept of block grants - the shifting of Federal dollars and Federal controls to the states. By consolidating the funding for various categorical programs and simultaneously eliminating Federal authority over how and where the money is spent, the Administration hopes to forge ahead in its efforts to get the government "off the backs of the people."

However, we in the National Urban League question this idealized notion of the success of the consolidation of Federal programs. Although on the surface it may appear to address the ills that the Administration sees facing the country, the proposals will in fact compound the problems presently besetting the states, the Congress, and ultimately the beneficiaries of such programs. The nature of our domestic socio-economic problems is such that the states are inextricably united in addressing them; as NUL President Vernon E. Jordan, Jr. has stated, "for many domestic issues, state boundaries are irrelevant..." Poverty, and the needs of the poor are national issues, and cannot be handled solely by localizing solutions.

More importantly though, we must question the Reagan Administration's perception of its responsibility given this type of proposal. A block grant approach simply extracts the Federal government from its constitutional duty to promote the general welfare; the proposal will abdicate this duty by shifting the burden of provision to the states. The Administration seems to be saying that we will solve our problems by ignoring them. Not only must we challenge this logic, but we feel that ultimately the states and Congress will find that this approach is also to their detriment. The states and localities are ill-equipped to handle -- financially, administratively, or politically -- the sudden influx of unrestricted funding. The Congress will simultaneously lose a measure of control over, and accountability for, Federal monies that the people entrust them with to distribute. Thus, we find we must issue the following warnings regarding the folly of the block grant approach: to the states in the financial, administrative, and political arenas, and to the Congress regarding the undermining of their authority. And consequently, we find that it is the "truly needy" who will suffer the most -- that very group which the Administration has pledged to protect.

Effects On The States

Financial

The imposition of block grants effectively puts a cap on Federal spending, thus leaving states and localities unable to address changing economic conditions and needs. By basing a state's entitlement on the previous years spending, even with the promise of program flexibility, little leeway is provided for responding to the fluctuations of the economy. Thus, a Michigan or an Ohio could not address the needs of its laid-off workers; a Florida could not absorb an influx of refugees, and a Washington state could not even begin to repair the damage caused by Mount St. Helens.

Further, in addition to the President's pledge to cut the amount of money distributed to the states, the Congress would become increasingly reluctant to appropriate funds for vague, indistinct programs. The states are already financially strapped; coupled with the absence of a "hold harmless" provision in the consolidation proposal, they will find they have even fewer resources with which to assist their residents. This leaves only an unpleasant Hobson's choice -- raising taxes or eliminating programs. There are already indications that this decision will have to be made: the cap on Federal Medicaid spending and changes in AFDC eligibility, for example, will spell some tough choices for the states.

Administrative

Rather than simplifying the provision of services, block grants would compound the problems, 50 times over. In addition to granting the states greater control over their grants, block grants would provide greater burdens which the localities are not prepared to manage. The switch to consolidated monies will require the development of new financial, administrative, and accountability mechanisms. Further, the lack of targeting will only spawn inefficiency and encourage waste. This tendency can even be seen now: nearly one-half of all black welfare families are excluded from Medicaid. Stories of welfare abuse are legion, and can be expected to burgeon without Federal direction.

Political

The elimination of federal controls over consolidated monies will mean that the states will have to institute their own regulations. The local authorities are clearly more vulnerable to local voting blocs and political pressures; therefore, the competition for limited funds will further increase these tensions. State and local elected officials have a responsibility to provide for their low income and disadvantaged citizens; the relatively stronger business and industry lobbyists will only make their decisions more difficult.

Effects On The Congress

Accountability

By consolidating a number of programs into a single block grant, the purposes for which the money was originally intended will be distorted, if not entirely lost. Funds will no longer be used as determined by Congressional intent, but rather will be subject to the pressures of a strong lobby, a whim, or the prejudice of an administrator. Consequently, Congress will lose control over where and how money is spent, and accountability will be sacrificed. This is a direct contradiction of recent attempts by Congress to ensure that Federal monies are spent equitably and efficiently. The imposition of various accounting and verification procedures evidence a Congressional desire to assure that funds are used as intended; consolidation would cancel these safeguards.

Civil Rights

Legislation, judicial decisions, and regulations have over time established a set of basic human and civil rights protections for beneficiaries of Federal programs. By turning responsibility over to the states, however, these guarantees would be lost, and indeed the entire concept of "entitlement" would be decimated. Those once most vulnerable to the vagaries of administrators will again find themselves at the mercy of the localities and their prejudices. The responsibilty for determining who will be served and what rights will be respected will fall to the states and a profound and monumental group of guarantees, based on experience, will be eliminated.

Summary

Ultimately, however, it is the beneficiaries of the programs -- the poor, the disadvantaged, and minorities -- who will bear the brunt of the burden for a change to block grants. For no longer will they be guaranteed beneficiaries, but rather competitors for scarce resources. Although some states have proven to be responsive to the needs of the less fortunate, they have traditionally neglected these groups in favor of more and louder pressures from others seeking funding.

This is not the first time that consolidation has been proposed; it has been tried before and found wanting. Too often block grants were a euphemism for states rights, a concept that gave rise to separate schools, separate drinking fountains, and separate and unequal lives. Obviously, we have come a long way from those institutionalized pernicious conditions, but the Federal government has still found it necessary to provide safeguards and guarantees for those most in need. Funding was formerly distributed based on a community's ability to leverage local matching funds, thus seriously hindering poorer areas from receiving Federal money. Recognizing this, reimbursement criteria have been improved to facilitate the participation of all, and in fact ensure that the neediest are provided with sufficient support. Here again, block grants would eliminate this protection.

The benefits of a block grant approach to funding states and localities are surely an illusion. The costs clearly outweigh any perceived advantages, from the perspective of the states, the Congress, and most saliently, the beneficiaries. Experience has proven that the concept is faulty; let us not retreat to repeat our past mistakes.

RURAL COALITION

Statement of Harold O. Wilson
Vice Chairman, The Rural Coalition

Before the Senate Committee on Labor & Human Resources
Subcommittee on Aging, Family and Human Services

Mr. Chairman, my name is Harold Wilson and I am Vice Chairman of the Rural Coalition. The Rural Coalition is a voluntary association of about 60 non-profit, public service organizations, located both around the country and here in Washington, which are concerned with public policy as it affects rural areas and minority and low-income people living in rural America. Thank you for the opportunity to submit this statement for the record. We are presenting this statement because, despite the progress made in assisting the poor, poverty remains an unalterable fact of life in rural America.

Poverty and Rural America

Nowhere is poverty more pervasive than in the non-metropolitan areas of our country. While rural areas have about 30% of the overall population, about 40% of the poor live in rural America. Other indicators of distress are equally grim:

- almost 60% of the bad housing in the country is in rural areas;
- almost two thirds of the housing in America that lacks plumbing is in rural areas;
- about 30 million rural Americans have inadequate water/wastewater systems (this represents 93% of all the households in this situation);
- nearly 60% of the medically unserved population reside in rural America.

We think these statistics point out a clear and dramatic need for the delivery of human services in the non-metropolitan areas of the country, and that the federal government has a responsibility to assure the provision of this assistance.

1035-30TH STREET, N.W., WASHINGTON, D.C. 20007 / (202) 338-7200

As proposed, governors will receive funds for these programs, plus about 35 others, at a rate reduced by 25% by the Administration, 12% by inflation, and by an additional amount for state administration. In short, we are not talking about a 25% cut in human services to low-income people, but, adjusting for inflation and state administration, a 40-50% reduction. Governors will not be in an easy spot. Program funds will be reduced, and the demand on state government for a myriad of services will be enormous.

Substate Allocations

In such a situation we fear the rural organizations will not fare well. Competition will be stiff, as we have suggested, and funds more limited than it would first appear. We are concerned that the rural human services agencies will not survive without a statutory allocation for rural areas. We urge Congress to set aside an appropriate share of these funds for non-metropolitan areas. Targeting by poverty population would establish a 40% share for the rural poor.

Conclusion

In conclusion, we would like to reiterate that:

- Poverty remains an unalterable fact of life in rural America.
- Rural poverty is a national problem requiring a national policy and focus.
- The Economic Opportunity Act establishes that national policy; it is imperative that it be reauthorized.
- The Community Services Administration executes that national policy; it is imperative that it be reauthorized as well.

Assistance Program (STHAP), has provided much needed on-site technical assistance to small town minority mayors grappling with significant housing and economic problems.

If CSA is dismembered, there is deep concern that the rural housing delivery network which has taken ten years to develop will be lost as well as several national, special emphasis efforts such as the home repair and water/wastewater programs. Both serve rural poor people and their combined requirement for the federal government is less than $10 million. All these programs need a home and an environment to operate in; CSA provides both.

Block Grants and Rural America

There has been much discussion about the Administration proposals to consolidate a number of social services programs into a block grant and pass funds along to the states for planning and administration. Thus far, as we understand it, no legislation has been submitted by the Administration to the Congress. As a result, we cannot comment with confidence on the Administration's plan.

We have a real concern however, that there will not be enough time to adequately plan and implement a block grant approach. We know, for instance, that it took over two years to develop the Community Development Block Grant (CDBG) program and that effective implementation, at least for rural areas, did not come about until much later. We urge the Congress, should it decide to pursue block grants, to provide sufficient time so that all involved: state and local grantees can make necessary adjustments without disrupting the flow of services to the poor.

Our second concern involves the funds available for next year's federal human service programs. The Administration estimates that about 75% of FY81 funds will be available to the states. In analyzing the various Reagan proposals, we have found that the base figure employed to calculate the 25% reduction from FY81 was not the overall cost to the federal government for a particular program, but the amount of money actually distributed to various grantees. In short, the 75% figure reflects 3/4 of FY81 program funds; administration is not figured into this calculation. For example, the Administration has slated the major program of the Community Services Administration, community action, for inclusion in one of the block grants. The base figure used for calculation of the 25% saving is 400 million, or the amount used for actual grants in FY81. No funds for the administrative accounts were included in this calculation of CSA funds; thus a portion of program funds for community action will be used by the states for administration.

A National Strategy

The Economic Opportunity Act is a primary way in which the nation has attempted to meet its obligation to low-income people. It has provided a national focus, standard, and strategy to deal with their problems.

This national focus is essential if there is to be a coordinated and realistic approach to supporting the poor. One of the compelling reasons for passage of the Economic Opportunity Act was the poor record of many state and local governments in providing services to low-income people. We are concerned that in hard economic times, providing states with funds for social services does not necessarily ensure an adequate program for low-income people; state budgets are already far too strained. We believe that, as in 1964, the nation needs to tackle the poverty problem as one, not as fifty states. We strongly urge the Congress to continue a national focus on the poor and the development strategies to assist them.

CSA and Rural America

The Community Services Administration has provided a national focus on the problem of poverty. This agency funds almost 900 local community action agencies (CAAs) that represent the elderly, the minority and disadvantaged. These local agencies provide a central point for the delivery of human services.

About one third of the nation's CAAs are rural. In many cases these rural CAAs serve as the only mechanism of service delivery within a county or counties. These CAAs have proven themselves essential to rural areas and we have a real concern for their future. Historically, rural groups have been less successful than others in securing funds from state governments and many rural CAAs may wither on the vine if they are required to go to state governments for funding.

CSA and Rural Development

CSA has in recent years been very responsive to rural housing and community facility needs. It has funded special programs for home repair, water/wastewater technical assistance to local governments, as well as an important rural housing delivery network. The water/wastewater program has allowed local governments to participate, on their own terms, in a federally sponsored community-facilities program. Local governments receive assistance and guidance in determining the size and type of water or wastewater systems which are appropriate for their rural community. Another program, the Small Town Housing

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May 1, 1981

HAND DELIVERED

Ms. Cynthia Hilton
Professional Staff Member
Labor and Human Resources Committee
4230 Dirksen Senate Office Bldg.
Washington, D.C. 20515

Dear Miss Hilton:

On behalf of my client, Children's Hospital and Health Center, San Diego, I am herewith enclosing three copies of testimony relating to the reauthorization of the Child Abuse Prevention and Treatment Act of 1978 for inclusion in the formal hearing record.

Thank you for your cooperation with regard to this matter.

Sincerely,

Raymond D. Cotton

RDC/st
Enclosure

cc: Blair Sadler
President

David L. Chadwick, M.D.
Medical Director

CHILDREN'S HOSPITAL AND HEALTH CENTER
SAN DIEGO

Submitted by

David Chadwick, M.D.,
Medical Director
Children's Hospital and Health Center

before the

Senate Committee on Labor and Human Resources
Subcommittee on Aging, Family and Human Development
Jeremiah Denton, Chairman

Re: Social Service Block Grant Proposal

May 1, 1981

Children's Hospital and Health Center, San Diego (CHHC) is a 158-bed tertiary care regional pediatric center serving 2 million people in San Diego and Imperial Counties. The Institution has many special programs, including a hospital-based child protection program and one of the largest speech, hearing, and neurosensory centers on the West Coast. CHHC also conducts a substantial amount of research in many aspects of children's health.

I am Dr. David Chadwick, Medical Director, Children's Hospital and Health Center, San Diego; I am also Associate Professor of Pediatrics, University of California, San Diego School of Medicine. It is in this former capacity that I submit for the hearing record this testimony regarding the reauthorization of the Child Abuse Prevention and Treatment Act of 1978.

My testimony today arises from two different perspectives. First, as Medical Director of the Hospital and Head of its Child Protection Program, and as an active member of our Physical Abuse Review Committee, I come into contact with scores of abused children who pass through CHHC every year. Second, as one who has devoted a large part of my professional career to combatting child abuse, including serving as one of two consultants to the American Academy of Pediatrics on child abuse and as a frequent witness in both civil and criminal child abuse proceedings, I have come to recognize the profound impact that child abuse plays in shaping the formative years of vast numbers of America's young people. I have come to realize the important opportunities for the prevention of so many of the instances of child abuse, possibilities that begin from the very first moment of birth.

Funding of the Federal abuse effort is of course also contingent up on passage of legislation to appropriate funds for the programs under the Child Abuse Prevention and Treatment Act of 1978. We have already presented testimony to the Senate Labor-HHS Appropriations Subcommittee to help assure passage of legislation necessary to guarantee funding for the continued Federal presence in the field of child abuse. But for now, for you, the members of the Labor and Human Resources Committee, it is imperative that you examine from where we have come in just the last seven years.

When the Child Abuse Prevention and Treatment Act was first enacted in 1974, child abuse was an invisible problem. At the time the Act was extended and modified in 1978, we had made substantial progress in both our knowledge and our treatment of child abuse. Now, in 1981, as a direct result of Federal leadership, the subject has been moved to the forefront of the public eye.

The National Center on Child Abuse and Neglect is to be commended for its role in providing visibility for the problem, researching the problem, and providing guidance to state and local agencies in combatting the problem.

Please allow me to highlight some of the major advances that I have seen take place due to the Center's activities.

1. Reporting. Through projects that it has funded, the Center has helped to set the mechanisms in place so that child abuse and neglect cases are reported to the appropriate law enforcement or child protection agencies in virtually all the states. Over the past four years alone, reporting has increased by more than 100 percent.

2. Interdisciplinary Cooperation. Prior to 1974, conflict among the medical and social services and law enforcement communities as to who was responsible for child abuse was pervasive. Now, this tension has all but disappeared due to the unprecedented multidisciplinary cooperation which has emanated from the interprofessional conferences, research, and demonstration projects supported by the Center. The increasing number of multidisciplinary bodies and agencies at the local and State levels can be directly attributed to the Center's effort to promote this trend.

3. Improved Services. By funding projects directed towards discovering what treatments effectively mitigate or prevent child mistreatment, and by disseminating such information, the Center has made substantial progress towards assuring that the states and localities may benefit from the most current knowledge available on effective treatments and modes of service delivery.

4. Prevention. Starting in 1978, the Center began to place high priority on prevention, by funding research assessing the effectiveness of various prevention programs. In my own

practice, I have seen Center-supported research translate into a hospital-based perinatal program that has begun to provide such services as maternal outreach and perinatal education, early screening for parental problems, information and referral to community services, and paraprofessional and volunteer support and counselling. In my professional opinion, the use of funds at this earliest stage in efforts focused on prevention is the most cost-effective use of the Federal dollar. Ultimately, such a focus offers us the hope of halting child abuse before it has even begun.

5. Involvement of Other Sectors. The Center has provided the seed money for a number of groups and entities that have continued to grow and thrive even after the Federal funds have been depleted. Over 1,000 Parents Anonymous groups have been established in every State. Family Stress Centers, such as that established in San Diego, have continued to serve families from all sectors of the community. The National Exchange Club, a benevolent fraternal organization, has recently decided to focus its primary fund-raising effort in the child abuse area. These are exactly the types of responses that will be reinforced by a continued visible Federal commitment to child abuse.

Despite this promise, despite the increase public awareness and despite the progress made, there is so much more to be done. The very success of the program to date has led us to see that abuse and neglect of children is a serious and wide-spread problem in America today. Recent studies have confirmed that each year over 1 million of children are victims of abuse and neglect. This estimate is based only on cases that have actually come to the attention of the public; most experts feel that the real incidence is two to three times higher.

Moreover, there are a number of other areas in which the tip of the iceberg has not even been touched. The problems of abuse and neglect of children in institutional settings have only recently begun to be identified. Some of the worst violations in this regard are institutions that have been funded with Federal dollars. Sexual abuse of children is another area which has only first begun to attain public attention. In FY 1980, Congress appropriated $4 million specifically for the Center to commence efforts in this area. The results of these projects -- if completed -- should provide helpful information to states and localities in developing responses to sexual abuse cases. Finally, the GAO, in a report released in April, 1980, entitled "Increased Federal Efforts Needed to Better Identify, Treat, and Prevent Child Abuse and Neglect", recommended that the Center receive additional support so that it could augment the efforts of the states to encourage people to report as required by law, improve treatment capabilities, develop prevention programs, and provide leadership and assistance to deal with child abuse and neglect. Crucially, the Report recognized that Federal involvement in the child abuse area is indispensable, and that the functions it serves cannot be duplicated at the State levels.

In sum, the activities of NCCAN and the programs it supports must continue if we are to have a sustained impact on the problem of child abuse in this country. NCCAN is not just another service-oriented program fulfilling the normal functions of state and local agencies; rather, it is a facilitator and an innovator, serving to the spotlight problems, to stimulate and coordinate efforts to solve those problems, and to support the development of services by other public and private groups.

Today, it is my hope that we can maintain the momentum and the progress of the last half decade. The pieces are in place and the state, local, and private agencies -- the gears of the effort -- are beginning to function smoothly, cooperatively, and effectively. CHHC recommends that Congress reauthorize the Child Abuse Prevention and Treatment Act of 1978 at meaningful and appropriate authorization levels for each of the next three fiscal years. We respectfully recommend that these authorities not be incorporated into the block grant and that separate legislative authorities be maintained.

If, contrary to our recommendation, this Subcommittee reports out legislation that does incorporate NCCAN's authorities into the social services block grant we believe that, at the very least, the separate authorities for the research and demonstration functions of NCCAN should be maintained to insure the existence of meaningful and visible Federal presence in the area of child abuse. These functions in particular are the least likely to be undertaken by states, localities, and private agencies.

Thank you for your attention. If Children's Hospital and Health Center can be of further assistance, please let me know.

COMMONWEALTH *of* VIRGINIA
DEPARTMENT OF WELFARE
Telephone (804) 281-9204

April 2, 1981

Mr. Mike Dyer
Subcommittee on Aging, Family and Human Services
4230 Dirksen Senate Office Building
Washington, D. C. 20510

Re: Senate Bill - S 561 - Reauthorization of the Federal Child Abuse Prevention and Treatment Act PL 93-247 as Amended

Dear Mr. Dyer:

This letter is a request to the Subcommittee to allow the Virginia Department of Welfare to enter a letter in favor of S 561 in the record of hearings to be held beginning on April 23, 1981.

Your timely response to this request will be appreciated.

Very truly yours,

W. L. Lukhard

William L. Lukhard

WLL/AC/jhm

cc: Senator Harry F. Byrd, Jr.
Senator John W. Warner

MEMORANDUM

DATE: April 2, 1981

TO: William L. Lukhard

SUBJECT: SENATE BILL - S561 - REAUTHORIZATION OF THE FEDERAL CHILD ABUSE PREVENTION AND TREATMENT ACT PL 93-247 AS AMENDED

In order to be scheduled on the agenda for the U. S. Senate hearings which are to be held on April 23 by the Subcommittee on Aging, the Family, and Human Services chaired by Senator Jeremiah Denton (R-Ala), a written request must be sent. The written request must be sent to present verbal testimony or to have written material (such as a letter of support) entered into the record of the hearings.

The written request must state who will be testifying or submitting material, who they represent, and their position on the bill.

(Example of information to include:

William L. Lukhard
Commissioner
Virginia Department of Welfare
In favor of S561 to reauthorize the Child Abuse Prevention and Treatment Act PL 93-247 as amended

Specify written and/or verbal testimony

This request must be sent to:

Mr. Mike Dyer
Subcommittee on Aging, the Family and Human Services
4230 Dirksen Senate Office Building
Washington, D.C. 20510
Telephone: (202) 224-3121
(ask for Senator Denton's Office, then the Subcommittee)

He will consider the request and respond to inform you if the request is approved.

If the request is approved, Mr. Dyer will inform you of the time you will be allotted to testify. There will also be a time limit on the period of questioning by Subcommittee Members.

Approximately 50 copies of the testimony will be required to be submitted one or two days ahead of time. If the testimony will be longer than the time allotted, you would give a summary within the time frame and note to please enter in the record the full testimony.

For strictly written testimony (if you do not plan to testify) note that it's written testimony and request that it please be entered in the record.

TESTIMONY IN SUPPORT OF THE REAUTHORIZATION OF THE ECONOMIC OPPORTUNITY ACT AND CONTINUED CATEGORICAL FUNDING FOR THE COMMUNITY SERVICES ADMINISTRATION

BY

FRANCISCO GARZA
LEGISLATIVE DIRECTOR
NATIONAL COUNCIL OF LA RAZA

PRESENTED TO

SENATE SUBCOMMITTEE
ON
AGING, FAMILY, AND HUMAN SERVICES

JEREMIAH DENTON
CHAIRMAN

MAY 4, 1981

1725 EYE STREET, N.W., SUITE 200, Washington, D.C, (202) 293-4680

TESTIMONY IN SUPPORT OF CONTINUATION OF CATEGORICAL FUNDING FOR THE COMMUNITY SERVICES ADMINISTRATION

I. INTRODUCTION

The National Council of La Raza (NCLR), one of the nation's largest Hispanic technical assistance and advocacy organizations, appreciates this opportunity to present written testimony in support of the continuation of categorical funding for the Community Services Administration (CSA) through reauthorization of the Economic Opportunity Act (EOA).

NCLR supports the reauthorization of the Economic Opportunity Act and full funding for CSA, and strongly opposes the Administration's proposal for dismantling of CSA and plans to make Community Action Agency (CAA) and other CSA funding a part of the proposed Social Services block grant.

II. NCLR SUPPORT FOR CSA

NCLR exists to promote the social, economic, and political well-being of Hispanics in the United States. The NCLR network includes a direct constituency of more than 100 local Hispanic community-based organizations, located in 23 states, Puerto Rico, and the District of Columbia, as well as some 300 to 400 other Hispanic groups assisted annually through technical assistance and training efforts in topics ranging from community economic development and housing to employment and community crime prevention.

Many -- perhaps the majority -- of NCLR's affiliates and of the hundreds of other community-based organizations serving Hispanics throughout the nation have evolved out of the Anti-Poverty Program of the Economic Opportunity Act. Some are themselves Community Action Agencies (CAAs) serving either whole communities or special groups such as migrants. Many others are or have been subcontractors of CAAs, providing employment and training, education, housing, health, child care, or other human services at least partially funded through the Economic Opportunity Act. While many of these groups today receive some of their funding from other agencies, they often owe their existence to the Economic Opportunity Act, and remain committed to its purposes of fighting poverty and increasing life opportunities for low-income and minority Americans.

NCLR is extremely concerned about the potentially devastating effect of a cut-off of CSA funding, or of inclusion of such funding in an untargeted, almost guidelines-free block grant. Community Action Agencies remain essential organizations in many communities, especially for the most disadvantaged subpopulations, such as migrants. In Illinois, for example, a CAA operates migrant health services which provide the only medical attention most patients will receive in a given year. Without the base funding provided by CSA, such CAAs probably would not survive.

However, NCLR's concern over the Administration's proposals regarding CSA goes beyond specific concern for the survival of the Community Action Agencies. CSA consists of far more than Community Action Agencies; it is, rather, the single federal agency dedicated specifically to improving opportunities for low-income and disadvantaged Americans. NCLR and its constituency support the Economic Opportunity Act as a concept, and as a representation of this country's commitment to fighting poverty -- through helping the poor help themselves.

The Economic Opportunity Act provides an equitable, participatory planning process and a mechanism for the rational development and implementation of local approaches to combatting poverty, whether in inner-city neighborhoods, small towns, rural areas, Indian reservations, or migrant camps. Alone among federal programs, CSA by its legislation requires its CAAs to provide one-third representation of the poor, one-third representation of government officials, and one-third representation of the private sector on their boards -- thus assuring that all potential partners to community organization, development, and revitalization are a part of the CAA process.

The Economic Opportunity Act does more than funds CAAs. Through Titles IV and VIII, it provides services for two of the most disadvantaged and politically helpless subpopulations in the country -- migrant and seasonal farmworkers and Native Americans. Through Title VII, it encourages housing and economic development efforts, including support for locally controlled Community Development Corporations (CDCs) and their self-help efforts. Through Title IX, it monitors and evaluates the programs of other federal agencies to determine the extent to which they equitably serve the poor.

Prior to 1964, when the original Economic Opportunity Act was passed, the nation's poor were largely faceless and without governmental champions. Traditional agencies, whether federal, state, or local, too often failed to reach or serve the truly needy. CSA -- with its state and local counterparts -- has become the voice for the poor. While the mechanism remains far from perfect, it represents the most successful effort in our nation's history not merely to make the poor more comfortable, but to help them find their way out of poverty. While other agencies today have taken over much of the operational responsibilities for programs to create self-sufficiency, most of these programs -- from CETA to Head Start to migrant health clinics -- had their birth within the Anti-Poverty Program.

The loss of the Economic Opportunity Act would symbolize, to 15 to 20 million Hispanics and to the 30 million low-income Americans, the death of America's commitment to combat poverty, equalize opportunity, and help the poor to enter the U.S. mainstream. To certain special groups such as migrants, it could mean the loss of nearly all targeted services. NCLP thus opposes any effort to dismantle CSA or to eliminate the Economic Opportunity Act.

III. SPECIFIC AREAS OF CONCERN

The National Council of La Raza is particularly concerned about the continuation of the following components of the Economic Opportunity Act:

- Services for, and coordination of federal assistance to, migrant and seasonal farmworkers. There are some 2.8 million migrant and seasonal farmworkers in this country, perhaps one million of them migrants who each year leave their own communities to travel "up stream" to cultivate and harvest the nation's crops. The majority of migrants are Hispanics. Literally hundreds of statistics exist which demonstrate that migrants are perhaps the most disadvantaged American subpopulation. Their average life expectancy is 49 years, compared to 73 years for the rest of the United States population. One in five adult migrants has never been inside a classroom, and perhaps one in 20 migrant children completes high school. The Economic Opportunity Act provides not only funding for migrant CAPs and migrant housing, and community food and nutrition programs for migrants, but also gives CSA authority to coordinate, review, and monitor federal programs for migrants. Without CSA, there will be no lead agency to protect this largely voiceless population. Most migrants are not registered voters, although they are citizens, and even if registered in their home base communities, they spend much of the year "up stream" in communities where they are no permanent residents and therefore do not represent a political constituency.

- Services for Native Americans. Title VIII of the Economic Opportunity Act provides some special programming for Native Americans, who are like farmworkers in their poverty and -- in most locations -- their lack of political influence. In the absence of CSA, these targeted programs might well be ended, with funds focused instead on serving more powerful constituencies.

- Economic development efforts. Although CSA funds for economic development have been limited, and although the Community Development Corporation

(CDC) concept has never been fully developed or implemented, NCLR believes it offers one of the most promising methods for encouraging communities to help themselves, to develop housing and business and industrial ventures which will create jobs, increase the local tax base, and provide for community development or revitalization. The Administration proposes to shift the Office of Economic Development (OED) to the Department of Housing and Urban Development, and then to include its funding in a block grant. NCLR believes that this would destroy OED as an effective tool for the poor. The Administration, which has already expressed its commitment to Urban Enterprise Zones, could far more usefully expand and strengthen the CDC effort in concert with this new community development concept.

Technical assistance services. Each year, CSA spends a very small portion of its funds to support training and technical assistance efforts, including grants to national, regional, and local groups to assist CAAs and other community-based organizations to improve their management and program operations, develop housing and community development ventures, and otherwise help their communities help themselves. In the absence of CSA, such funds will almost certainly disappear. Local groups, lacking badly needed management and programmatic assistance, will become less and less able to compete for block grant funds -- and the poor will find their access to available services further reduced.

Title IX monitoring and evaluation efforts. CSA's efforts to assure that other federal agencies equitably serve the poor are, by their very nature, likely to be unpopular with the agencies being monitored. However, such activities -- such as the ongoing citizen monitoring of the Community Development Block Grant (CDBG) Program, carried out by local community groups -- have clearly pointed out the failure of agencies to meet their own guidelines and have suggested refinements which would greatly improve the cost-effectiveness of certain federally funded programs. At a time when every federal dollar must be stretched as far as humanly possible, such monitoring appears critically important. Moreover, in the absence of CSA's Title IX effort, who will speak for the poor?

The above EOA/CSA components, in addition to funding for Community Action Agencies, are viewed as particularly critical by Hispanic Americans. Because Hispanics are more likely to be poor, to live in substandard housing, to be unemployed or underemployed than the American population as a whole -- and because even with CSA they remain underrepresented as participants in and beneficiaries of most publicly funded programs -- the loss of CSA is viewed by many Hispanics as a major blow to efforts to obtain equal opportunities in this country.

IV. PROBABLE IMPACTS OF TRANSFER OF CSA FUNDS TO BLOCK GRANTS

The National Council of La Raza, like other groups representing Hispanics and other minority Americans, has grave concerns over the probable impact of making CSA funds a part of a proposed social services block grant. In a preliminary attempt to assess the predicted impact of the block grant mechanism as a funding alternatives for Community Action Agencies, NCLR surveyed by telephone both CAA Directors and State CAP Association staff in the States of California, Colorado, Illinois, Florida, and Texas -- five states with large Hispanic populations. This partial sampling of the states produced the following reports:

- In California, it is estimated that 56% of all CAAs would fail to survive if CSA funds became a part of the health and social services block grant. Of 39 CAAs in California, 17 are public agencies, and 22 are private, nonprofit groups. It is predicted that none of the nonprofit CAAs would survive under a block grant, and only about seven of the public agency CAAs would survive. It was stressed that the CAAs would die not because the quality of their services is considered poor by the State, but because other, already existing commitments to other social service programs would have higher priority, and the CAAs would be defunded so these other services could continue.

In Colorado, there are 17 CAAs, 16 operated as public agencies. It is predicted that none of them would survive under block grant funding.

In Illinois, it is predicted that only about 50% of the state's 19 CAAs would survive under block grants. Of particular concern to CAA officials in that state is the possibility that health services to migrants would be drastically curtailed, since health outreach services are provided almost entirely through the CAAs. Language barriers, it was reported, are a special problem which the State of Illinois has been unable to address successfully except through the CAAs. The communications network established through the CAAs, which has taken a great deal of time and energy to develop, would be lost with funding cuts. Migrant children would in many cases lose the only health care they currently receive during the year. In addition, it is feared there would be no monitoring of Illinois' migrant camps, in the absence of CAA intervention and concern.

In Florida, it is predicted that only about one-fourth of all CAAs -- 15 out of 59 -- would survive under block grants. This is of particular concern in a state with critical refugee problems. Cuban and Haitian refugees are already underserved, and the combination of the proposed rescission in refugee social services funds and the block granting of CAA funds is a grave concern. Probable cutbacks in services to migrants are also a serious concern.

In Texas, it is expected that not a single one of the 54 CAAs (serving all but five of the state's counties) would survive under block grants. Texas is the major home base state for migrants, and poverty, particularly in the border regions, is extremely severe. It was reported that the State is under considerable pressure to spend available funds to build more prisons, and there are strong political forces opposing spending for social services. Thus block grants would mean a drastic reduction in services to low-income residents of Texas, including several hundred thousand migrant workers, and a largely Hispanic low-income population in the U.S.-Mexico border region, which includes some of the poorest metropolitan areas in the United States.

Based on this partial survey of states, NCLR believes that to make CSA funding a part of the proposed health and social services block grant would mean a sudden and drastic reduction in services to Hispanics, migrants, and other low-income Americans throughout the United States.

In addition to the impacts reported in the survey, NCLR has the following additional concerns regarding the proposed inclusion of CSA funds in a block grant for health and social services:

- Lack of targeting. The recent trend of relaxing eligibility requirements for social service program participation means that while more moderate income persons become eligible to receive services, a declining number of low-income persons -- the truly needy -- receive services. For example, in a recently completed exploratory study of the substate allocation of Title XX social services funds, the National Association of Social Workers found that rural areas, Blacks, and poverty populations generally receive less than their proportionate share of Title XX service dollars. Moreover, since there is no proposed allocation formula for the block grants requiring that funds go to communities according to the number of low-income residents, there is no protection to assure proportionate spending -- or even the continuation of community action efforts. How are Hispanics and other disadvantaged groups to attain self-sufficiency if "opportunity creating" programs are unavailable to them? The alternative is all too likely to be increased dependence on income support programs -- with no expectation that this will be temporary dependency.

- Administrative costs. If states are allowed to include funding for CAAs under traditional administrative mechanisms, such as state social services departments, and in the absence of any proposed limitation on administrative expenses, funds intended to be used for services may "disappear" and be used either to make up for cutbacks in the states' already existing, high priority social service programs, or to cover administrative costs.

- Substitution of funds. Since no maintenance of effort or matching requirements are proposed for the block grants, the states can substitute federal money for state and local funds. In effect, the states will be getting a "blank check" with no protections for the disadvantaged and minority groups, who are often largely powerless constituencies.

- Priorities. Since many states do not, under normal conditions, provide any state funds for CAAs, it is unlikely that the CAAs will become a higher priority in the next year, especially considering the cutbacks in other key services (including public service employment, education, youth employment, housing, health, and social services) faced by the states due to federal budget reductions.

- Loss of administrative support funds for community-based organizations. Dismantling of the Community Services Administration would mean not only the loss of the only federal agency specifically designed to work towards an end to poverty, but also the loss of critical federal funds for the administration of local community-based organizations. This is likely to mean the closing down of many hundreds of CAAs and of community-based organizations that have been their delegate agencies. These local groups are often of critical importance as a means of leveraging both public and private dollars to benefit low-income communities. They are also the basic mechanisms for self-help and community development efforts. Without the basic funding now provided through CSA, many low-income and minority communities will be left without a community group to represent them. For Hispanic communities, where the growth of strong programmatic and advocacy organizations focusing on self-help and self-sufficiency has occurred primarily over the past 15 years, the loss will represent a severe setback to efforts to attain economic and social equality.

For all of the reasons summarized above, NCLR believes that the dismantling of CSA and the inclusion of EOA funds in block grants would have an extremely severe negative effect on the efforts of Hispanic communities and Hispanic Americans to achieve equality and self-sufficiency.

V. CONCLUSION

The Community Services Administration structure, although by no means ideal, has shown an ability to significantly improve conditions in many local communities; to mobilize resources from multiple funding sources; to involve public officials, private sector representatives, and low-income persons in program development and management; to address crisis situations more rapidly than most other public agencies; to test the feasibility of innovative service delivery approaches and then "spin them off" to line agencies; and to promote increased sensitivity to the needs of the poor on the part of many community institutions. CAAs nationwide generate more than one million hours of volunteer support annually. They serve 83% of the nation's low-income population in 3,141 counties in every state. Overall, it is estimated that each dollar spent by CSA generates a return of ten dollars in services and benefits, from the private and the public sectors combined. With very limited funding, CSA-supported efforts can point to many significant results.

The National Council of La Raza and its constituency strongly support the reauthorization of the Economic Opportunity Act, and the continuation of categorical funding for anti-poverty efforts under the Community Services Administration. Of special importance is the continued federal responsibility for assuring services to subpopulations such as migrant farmworkers, low-income Hispanics, and Native Americans, who -- because they generally do not represent a strong political constituency -- are all too likely to be given lowest service priority by states already facing severe cutbacks in services to more powerful constituencies.

Many of CSA's programs represent a "safety net" which works. Community Development Corporations, technical assistance efforts, housing programs, and CSA's Title IX monitoring efforts are among the most critical CSA programs, because they represent a workable structure for accomplishing two objectives of the new Administration: to assure continued services for the truly needy, and to decrease dependency. NCLR asks that the Congress find means to continue CSA's "opportunity-creating" programs, and to reassure Hispanics and other low-income and minority Americans that the United States has not lost its commitment to help them become a part of the economic and social mainstream.

NATIONAL
ASSOCIATION
OF REGIONAL
COUNCILS

1700 K St., N.W., Washington, D.C. 20006 • Area Code (202) 457-0710

RICHARD C. HARTMAN Executive Director

STATEMENT OF

CHARLES SALEM
Mayor, Goodyear, Arizona;
Member, Maricopa Association of Governments; and
President, National Association of Regional Councils

ON BEHALF OF THE

NATIONAL ASSOCIATION OF REGIONAL COUNCILS

BEFORE THE

SENATE LABOR AND HUMAN RESOURCES COMMITTEE,
SUBCOMMITTEE ON AGING

ON THE

PRESIDENT'S SOCIAL SERVICE BLOCK GRANT PROPOSAL

April 23, 1981
Washington, D.C.

Mr. Chairman, I am Charles Salem, Mayor of Goodyear, Arizona; member of the Maricopa Association of Governments; and President of the National Association of Regional Councils.*

We appreciate the opportunity to present our views to this panel on the proposed social services block grant program.

NARC supports the block grant concept but we are concerned about the lack of local government and regional council involvement in the decision-making process surrounding the expenditure of block grant funds. In our view, there must be closer consideration given to nurturing a state/local partnership once social service responsibilities are devolved below the federal level.

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*The National Association of Regional Councils represents approximately 350 of the nation's 600 regional councils of local governments. Regional councils are public organizations encompassing a regional community and are tied directly to their local governments through local and/or state government actions. The basic responsibility of a regional council is to be an umbrella agency which facilitates regional coordination and management activities. Many regional councils also arrange for the implementation of regional policies.

As we understand it, the Administration proposal would provide states with a block of funds for social services. The states would then be able to spend those funds for state-determined priorities so long as expenditures were made only for those eligible activities under the block. The eligible activities in the case of the social service block grant include those now provided under 11 different categorical programs and the Title XX block program. (The proposal also allows for a shifting of up to 10% of a block's funds to any of the other three HHS blocks as a state decides is necessary.)

The Administration's proposal includes no mandates that the state pass-through funds to local governments. Neither does it require that states "hold harmless" some programs for a limited time (that is, allocate a reasonable amount to continue those activities and allow, if a need will be met through a new program thrust, for orderly phase-out).

However, the proposal does require states to report to HHS on how they intend to spend block funds within the eligible categories.

Local Consultation Under a "Pure" Block

If the Congress chooses to approve the social services block grant proposal largely as proposed by the President, NARC recommends that a small modification to ensure consultation among state and local governments be added.

We propose that language be inserted into the bill to require states to consult with elected officials of general purpose governments, and their regional councils, on the determination of priorities for inclusion in the state report to HHS.

Furthermore, we suggest that local governments, through their regional councils, could be assisted in these needs assessments through funds which the block proposal allows states to set aside for "purchasing technical assistance...if the state determines such assistance is required in developing, implementing and administering" the block program.

This approach would provide for some local input into the state decision-making process. Ideally, in states where local governments are already viewed as partners in the priority setting process, this approach will just re-enforce business as usual. However, we still believe this to be a necessary provision to ensure cooperation in those states where there is something less than a state/local partnership.

We believe there is a critical need to encourage joint state/local determination of priorities. We hasten to add that this approach is quite consistent with President Reagan's expressed desire to devolve authorities and responsibilities back to the states. We understand that devolution is to mean that states are unencumbered with federal program specifications. We are proposing that the concept of home rule be ingrained in this transfer of power. Because state bureaucracies have the same inherent limitations as federal ones, we believe that federal devolution should re-enforce the role and responsibilities of those general purpose units of government that the state itself has created.

Let us emphasize that when NARC endorses devolution of responsibility below the state level, that we are recommending that federal policy reflect a recognition that general purpose local governments and their regional councils (where local governments work in consortia arrangements) should be the preferred units to assist the states in the priority setting process.

Accountability Should Be Key

One additional point. In the past, local governments have been often circumvented by the states because of federal policy. Relationships between states and special agencies that are not accountable to the electorate may be sustained by some states because of a carry over of federal policy.

While states should have the discretion to deal with such special agencies, past experience has shown that local governments and their regional consortia, because of their accountability and direct linkage to local decision-makers, have been the most effective.

Again, this approach is consistent with the home rule tenet of Reagan federalism.

Further Devolution As A Result of Congressional Action

If, however, this Committee determines that the block approach would be improved by moving beyond the basic consultation process outlined above, we propose that the working model of the aging program under the Older Americans Act be strongly considered.

NARC policy makers have long held that the "area agency on aging" (AAA) approach put in motion by the Act should be a model for all social service programs.

The AAA program is an excellent example of the kind of federal/state/local partnership required to provide the best, most cost-effective services to the needy.

Under the aging program, the state designates area agencies on aging for each designated substate area. These AAAs do annual needs assessments which are reflected in each state's aging plan (priority setting process). In fact, the state plan is a composite of the AAA assessments.

The AAAs also have responsibility for screening and making arrangements with service providers to assure that the elderly receive much needed services, such as meals on wheels and transportation assistance.

Each regional council that is a designated AAA also has an advisory committee composed mainly of the service users and some providers so that the priority setting process reflects those views.

Regional councils, because they are composed of local elected decision-makers and yet accommodate the service user and provider viewpoint, have been remarkably successful in meeting the needs of the elderly. Approximately 200 regional councils are AAAs.

This approach would carry devolution of responsibility one step beyond the current block proposal. However, it would not diminish the role of the state in the priority setting process; it would merely ensure a partnership role for local governments.

In some states, such as North Carolina, Kentucky and Texas, governors have already successfully devolved some Title XX responsibilities down to areawide agencies. In addition, HHS has conducted demonstration programs which have illustrated the utility of the areawide approach.

We believe this approach would be in line with the President's intention to devolve responsibilities and decision-making to the state and local level.

Most Cost-Effective Method Must Be Used

In addition, it represents a proven, cost-effective approach to service provision. Because the Reagan social service block grant proposal calls for the total funding of the included categorical programs to be reduced by 25% when issued in a block, it will be more important than ever to utilize remaining resources in a cost-effective manner.

NARC believes that the approach outlined above offers many economies and the added important benefit of ensured local input into the state decision-making process.

Thank you.

Senator Denton. The hearing stands adjourned.

[Whereupon, at 4:15 p.m., the subcommittee adjourned to the call of the Chair.]

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